

S.Y.B.Com. Sem-IV Final & A.T.K.T. Exam

March-2020

Acc. & Financial management.



Duration: 3 Hours

Marks: 100

- 1) All Questions are compulsory.
- 2) Q.no.1 and Q.no.5 carry 20 marks each, sub question A and B in these questions carry 10 marks each.
- 3) Q. No.2 to Q. no. 5 carry 20 marks each. Each question has internal options.
- 4) Working notes should form part of your answers.

Q1} (A) Fill in the Blanks: (Any 10)

1. A company is \_\_\_\_\_
  - a) Voluntary Association
  - b) Compulsory Association
  - c) Illegal association
  - d) All of the above
2. A company comes to an end by \_\_\_\_\_
  - a) Operation of company law
  - b) Death of any member
  - c) Death of any director
  - d) retirement of any director
3. The shares offered free of cost are called \_\_\_\_\_
  - a) Rights
  - b) Preferential
  - c) Bonus
  - d) Priority
4. Excess price received over the face value of shares is credited to \_\_\_\_\_
  - a) Reserve capital a/c
  - b) Share capital a/c
  - c) Calls in advance a/c
  - d) Securities Premium a/c
5. The interest on debentures is payable on the basis of \_\_\_\_\_
  - a) Issue price
  - b) face value
  - c) Redeemable price
  - d) Cost price
6. Debenture holder is \_\_\_\_\_
  - a) An owner
  - b) creditor for goods
  - c) A lender
  - d) creditor for expenses
7. Dividend is calculated on preference share capital on \_\_\_\_\_
  - a) Face value
  - b) paid up value
  - c) Market value
  - d) none of the above

8. Preference shares may be redeemed at \_\_\_\_\_
- a) Par only
  - b) premium only
  - c) par or premium
  - d) None of the above
9. Debentures may be \_\_\_\_\_
- a) Secured
  - b) unsecured
  - c) Redeemable
  - d) all of the above
10. Debentures may be redeemed out of \_\_\_\_\_
- a) Capital
  - b) Profit
  - c) Conversion into shares
  - d) All of the above
11. Bad debts written off realized is shown under \_\_\_\_\_
- a) Pre-incorporation income
  - b) Profit and loss a/c
  - c) Post incorporation income
  - d) none of the above
12. For computation of pre-incorporation profits, audit fees are \_\_\_\_\_
- a) Treated as pre-incorporation expenditure
  - b) treated as post incorporation expenditure
  - c) Allocated in time ratio
  - d) Allocated in Sales ratio

Q1} (B) True or False (Any 10)

- 1. A company is a legal entity
- 2. A company may have unlimited liability
- 3. I.P.O means initial public offer
- 4. Issue of bonus shares amounts to capitalization of reserves
- 5. Debentures can be converted into shares
- 6. Loss on issue of debentures is written off over the period of redemption
- 7. The redemption of preference shares can be done by issue of same preference shares.
- 8. Debentures may be redeemed at Par
- 9. Loss prior to incorporation is transferred to goodwill
- 10. Post incorporation profits are available for dividends
- 11. The debentures can be redeemed at discount
- 12. Authorized capital is disclosed only for information.

Q2} (A) Krunal Ltd. was incorporated to take over the running business of Pandya Bros w.e.f 1<sup>st</sup> April 2018. The company was incorporated on 1<sup>st</sup> August 2018 and it commenced its business on 1<sup>st</sup> October, 2018. The following information was available from the books of accounts, which were closed on 31<sup>st</sup> march, 2019.

Particulars		Rs.
Gross Profit		7,00,000
Less: Office salaries	2,70,000	
Office Expenses	90,000	
Travelling Expenses	49,200	
Office rent	96,000	
Salesman's Commission	49,000	
Depreciation	21,000	(5,75,200)
Net Profit		1,24,800

Additional Information:

1. Sales were RS.5,00,000 p.m. during pre-incorporation period, while total sales for the year were Rs. 70,00,000. The sales arose evenly throughout the concerned period.
2. Office rent was Rs.84,000 p.a. It became Rs. 108,000 p.a. from the date of commencement of business.
3. Travelling expenses included Rs.7,200 incurred by the office staff and balance by the sales staff.
4. Depreciation included Rs.6,000 for the asset acquired in post-incorporation period
5. Salaries included Partner's salaries of Rs.60,000 while the remaining salary was for the office staff

Prepare Statement of Profit and Loss for the year ended 31<sup>st</sup> march, 2019 showing profit or loss during pre incorporation and post incorporation separately.

OR

Q2 (B) Quinton Ltd. issued 1100 5% Debentures of Rs.100 each on 1<sup>st</sup> January, 2017 Redeemable at par. The company decided to set aside every year a sum of Rs.34893 to be invested @5% outside the business. The investments were sold at Rs.71580 at the end of the third year and the debentures were redeemed. Give journal entries. Also prepare Sinking Fund Account and Sinking Fund Investment account.

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Q3 (A) The following is the summarized balance sheet of MI Ltd.

Liabilities	Rs.	Assets	Rs.
50000 Equity shares of Rs.10 each	5,00,000	Bank	90,000
1000 10% redeemable Preference shares of Rs.100 each		Other Assets	8,10,000
Fully Called up	100000		
Less: Calls in arrear (on 50 shares @ Rs.20 Each)	1000		
	99,000		
General reserve	1,00,000		
Profit and loss A/c	50,000		
Current Liabilities	1,51,000		
	9,00,000		9,00,000

The redeemable preference shares were redeemed on the following basis:

1. Further 4500 equity shares were issued at a premium of 10 %
2. Expenses for fresh issue of shares: Rs.5000
3. Of the preference shares, holders for 40 shares paid the call before redemption. The balance 10 shares were forfeited for non payment of calls before redemption. The forfeited shares were re-issued as fully paid on receipt of Rs.500 before redemption.
4. Preference shares were redeemed at a premium of 10 %

Show Journal Entries including those relating to cash

OR

Q3} (B)Jaguar Ltd. issued 12000, 9% Debentures of Rs.100 each at a premium of 10% Redeemable at par on 1<sup>st</sup> April 2013. The debentures are redeemable at the end of 5 years. Interest is payable on 31<sup>st</sup> March and accounting year ends on 31<sup>st</sup> March. Every year required amount is transferred to redemption reserve.

Pass journal entries in the books of Jaguar Ltd

Q4} (A) Balance sheet of Chris Lynn Ltd. on 31<sup>st</sup> march 2019 is as below:

Liabilities	Rs.	Assets	Rs.
Issued & Paid up share capital (Fully Paid up):		Fixed Assets (net)	9,00,000
5,000 equity shares of Rs.100 each	5,00,000	Stock	1,90,000
8,000 9% Redeemable Preference Shares of Rs. 100 each	8,00,000	Debtors	4,50,000
General Reserve	2,35,000	Bank Balance	8,25,000

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Profit & Loss A/c	3,95,000		
8% Debentures	2,00,000		
Sundry Creditors	2,35,000		
	23,65,000		23,65,000

On the above date, both preference shares and debentures were due for redemption. For this purpose, the company made a fresh issue of minimum number of fully paid up equity shares of Rs. 100 each at a premium of 10% after utilizing all available sources to **maximum extent**. All Equity shares were fully subscribed and all amounts were duly received. Keeping in view the provisions of the Companies Act, all preference shares were redeemed at a premium of 10% and debentures at Par. One preference Shareholder holding 150 preference shares was not traceable. Pass Journal entries

OR

Q4} (B) M/s Chahar Ltd. was incorporated on 1<sup>st</sup> August, 2018 to take over business of Mr. Markande with effect from 1<sup>st</sup> April, 2018. The following Profit and Loss A/c was prepared for the year ended 31<sup>st</sup> March 2019:

Particulars	Rs.	Particulars	Rs
To Office Salaries	24,000	By Gross Profit	1,00,000
To Markande's Salary	2,000	By Share Transfer Fees	2,000
To Advertisement	18,000		
To Printing	1,500		
To Travelling Expenses	4,000		
To Office Rent	9,600		
To Electricity Charges	5,100		
To Director's Fees	1,200		
To Auditor's Fees	600		
To Bad Debts	1,200		
To Commission on Sales	7,000		
To Preliminary Expenses	2,000		
To Debenture Interest	2,300		
To Interest on Capital	800		
To Depreciation	2,100		
To Net-Profit	20,600		
	1,02,000		1,02,000

Following further information is available

1. Total sales for the year amounted to Rs. 8,00,000 arose evenly per month upto 30-9-2018 where after they recorded an increase of two-third per month during the rest of the period.
2. Office rent was paid @ Rs. 8,400 p.a. up to 30<sup>th</sup> September, 2018 and thereafter, it was paid @ Rs. 10,800 p.a.

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3. Travelling expenses include Rs. 1,600 towards sales promotion. The balance of travelling expenses are fixed in nature.
  4. Bad debts written off were:
    - a) A Debt of Rs. 400 taken over from the vendor
    - b) A debt of Rs. 800 in respect of goods sold in September 2018
  5. Mr. Markande agreed to get his books audited
  6. Depreciation includes Rs. 600 for assets acquired in Post- incorporation period
  7. Allocate other expenses and incomes in an appropriate manner
- Prepare Statement of Profit and Loss for the year ended 31<sup>st</sup> march, 2019 showing Profit or Loss during Pre Incorporation and Post Incorporation separately.

Q5} (A) Distinguish between shares and debentures

Q5} (B) What do you mean by Company? Describe its features.

**OR**

Q5} Write short notes (Any 4 out of 6)

1. Sweat equity shares
2. Explain different types of companies
3. Over subscription of shares
4. Different basis for allocation of expenses
5. Explain redemption of debentures
6. Explain Capital Redemption Reserve