

# Medical Exam - June - 2023

03/07/23

S.Y.B.A.F

SEM-IV

FINANCIAL ACCOUNTING IV

Time: 2 ½ Hours

Total marks: 75

- N.B: 1) All questions are compulsory with internal choice  
2) Figures at right indicates full marks for question.  
3) Use of simple calculator is permitted.  
4) Working notes should form part of your answer.

**Q.1. (a) State whether the following statements are true or false (any seven)**

8

- 1) The mode of valuation of inventory should be disclosed.
- 2) The transfer to Capital Redemption Reserve is optional to the company.
- 3) A company can issue shares at premium to redeem debentures.
- 4) Pre-incorporation profit is not chargeable to income tax.
- 5) Director's fees are divided in pre and post incorporation period in time ratio.
- 6) Any exchange difference arising due to translation should be charged to P&L Account.
- 7) Dividend can be paid out of capital.
- 8) The debentures can be redeemed whenever company desires.
- 9) Preliminary expenses should be debited to pre-incorporation period.
- 10) Partly paid preference shares can be redeemed.



**Q.1. (b) Match the Column (any seven)**

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Column (A)	Column (B)
a) Loose Tools	i) Contingent liability
b) Trade marks	ii) Purchase Ratio
c) Issue of bonus shares	iii) Charged to P&L Account
d) Arrears of preference dividend	iv) At opening rate
e) Issue of shares	v) Current Assets
f) Expenses related to purchase	vi) Rate on Date of purchase
g) Opening inventory	vii) Fixed Assets
h) Exchange difference	viii) Capital Profit
i) Depreciation	ix) One mode of redemption
j) Pre-incorporation profit	x) Share Capital

Q.2. A company issued ₹ 1,80,000 redeemable preference share at par on 1<sup>st</sup> January, 2017; redeemable at the option of the company on or after 31<sup>st</sup> December, 2018 in whole or in part.

The following redemptions were made out of profits:

On 30<sup>th</sup> June 2019: ₹ 60,000; on 30<sup>th</sup> June ,2020: ₹ 40,000.

In December, 2020; the company issued equity shares of the face value of ₹ 60,000 at a premium of 2% and on 31<sup>st</sup> December in the same year, it redeemed the balance of preference shares.

Pass necessary journal entries to record the above transactions.

OR

Q.2.

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1000, 9% redeemable debentures of ₹ 100 each of X Ltd; are due for redemption at 5% premium on 31<sup>st</sup> December, 2020. On the same date the balance on Debenture Redemption Reserve was ₹50,000. On 1<sup>st</sup> December, 2020; x Ltd., issued 500 equity shares of ₹100 each at 20% premium and 450, 8% Redeemable preference shares of ₹ 100 each at par. The issue has been fully subscribed and with this amount 1,000, 9% redeemable debentures of ₹ 100 are redeemed.

Q.3.

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Pawan Ltd. Was incorporated on 1<sup>st</sup> March, 2019 and received its certificate of commencement of business on 1<sup>st</sup> April. The company bought the business of Pramod Ltd. With effect from 1<sup>st</sup> November 2018. From the following figures relating to the year ending October, 2019, find out the profit available for dividends:

- i) Sales for the year were ₹ 3,00,000 out of which sales upto 1<sup>st</sup> March were ₹ 1,25,000.
- ii) Gross profit for the year was ₹ 90,000.
- iii) Expenses debited to the Profit and Loss Account were:

	₹
Rent	4,500
Salaries	7,500
Director's fees	2,400
Interest on Debentures	2,500
Audit Fees	750
Discount on sales	1,800
Depreciation	12,000
General expenses	2,400
Advertising	9,000
Stationery & Printing	1,800
Commission on sales	3,000
Bad debts	*750
Interest to Vendor on Purchase consideration upto 1.5.2019	1,500
*₹ 250 related to debts created prior to incorporation	

OR

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Q.3. HTC Ltd. Has a branch in Texas, U.S.A. At the end of the year on 31<sup>st</sup> March 2013, the following ledger balances have been extracted from the books of Texas Branch:

## Trial Balance

Particulars	Dr. \$	Cr. \$
Plant & Machinery	20,000	-
Debtors / Creditors	6,000	3,000
Stock (1/4/12)	2,000	-
Cash Balance	500	-
Bank Balance	500	-
Purchases / Sales	2,000	12,300
HO A/c	-	13,700
Good sent to Branch	1,000	-
Wages & Salaries	4,000	-
Rent	1,200	-
Office expenses	1,800	-
Discount Receipts	-	3,000
Commission Receipts	-	7,000
Total	39,000	39,000

## Adjustments:

- i) Goods sent by HO ₹ 20,000.
- ii) Branch A/c in HO ₹ 2,35,000.
- iii) Closing stock as on 31.3.2010 was \$ 325.
- iv) Exchange Rates
 

Opening Rate	A\$ = ₹ 20
Closing Rate	A\$ = ₹ 24
Average Rate	A\$ = ₹ 22
Fixed Assets	A\$ = ₹ 18
- v) Depreciate plant by 10%

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Q.4. a) From the following information extracted from the books of Sarkar Ltd. Prepare balance sheet of the company as at 31<sup>st</sup> March, 2019 as per Schedule III of the Companies Act, 2013.

Particulars	₹ in Lakhs
Long term borrowings	1,000
Share Capital	780
Fixed Assets (Tangible)	1,200
Trade Receivables	160
Share Application Money Pending Allotment	20
Trade Payables	40
Reserve & Surplus	200
Inventories	40
Cash & Cash equivalent	240
Non- Current Investment	400

The Director's declared dividend of ₹ 20 lakhs after the Balance sheet date.

Q.4. b) Show the presentation of the following items under appropriate notes to accounts forming part of the Balance Sheet of Mehul Ltd. As on 31<sup>st</sup> March, 2019.

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Particulars	₹ in Lakhs
General Reserve (Opening Balance)	50,00,000
Debenture Redemption Reserve (Opening Balance)	10,00,000
Profit & Loss A/c(Opening Balance)	30,00,000
Net Profit for the year (before transfer & Appropriations)	40,00,000
Transfer to General Reserve	10,00,000
Transfer to Debenture Redemption Reserve	5,00,000
Interim dividend paid	1,00,000

Dividend declared after Balance Sheet date ₹ 4,00,000.

OR

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Q.4. Shiva and Bishnu working in partnership registered a Joint Stock Company under the name of "Om Bishnu". On 1<sup>st</sup> September, 2018 to take over their existing business with effect from 1<sup>st</sup> April, 2018.

**Profit & Loss Account for the year ended on 31.03.2019**

Particulars	₹	Particulars	₹
To Salaries & Wages	10,000	By Gross Profit b/d	84,000
To Debenture Interest	5,000		
To Depreciation	2,000		
To Interest on Purchase consideration (upto 30.09.2018)	10,800		
To Selling Commission	12,000		
To Director's Fees	800		
To Preliminary expense Written off	1,000		
To Provision for Taxes	5,000		
To Dividend on equity Shares @ 5%	6,000		
To Balance Carried Down	31,400		
	84,000		84,000

Sales for the year totaled 2,25,000, out of which 1,50,000 related to the period from 1<sup>st</sup> September, 2018 to 31<sup>st</sup> March, 2019.

Prepare a statement apportioning the profits between post and pre-incorporation period indicating your basis of allocation

Q.5. a) Method of writing off Discounts

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b) Distinguish Between Integral and Non-integral Foreign Operations.

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OR

Q.5. Write a short note (any three)

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1. Capital Redemption Reserve
2. Intangible Fixed Assets
3. Profit Prior to Incorporation
4. Divisible Profit
5. Capita Work-in-Progress