

TIME: 2 ½ hours

MARKS: 75



Note: All questions are compulsory, subject to internal choice.

Figures to the right indicate full marks.

Use of simple calculator allowed.

Q1A True or False (Any 8)

(8)

1. Sweat equity shares are issued to shareholders
2. Forfeited shares are deducted from paid up capital
3. Arrears of dividend can be on equity share capital
4. Debentures can be converted into shares
5. Debentureholders are not members of the company
6. Goodwill is the value of reputation of a business
7. Bonus is made out of free reserves.
8. The amount payable on buy back cannot exceed 25% of capital reserve during a specific period.
9. The shares must be cancelled and destroyed after buy back.
10. Investments held less than 12 months are current investments.

Q1.B Match the column: (Any 7)

(7)

A	B
1. Preference shares	a. Is transferred to profit & loss a/s
2. Debentures	b. Are valued at cost of MV whichever is less
3. Profit on sale of investment	c. Redemption
4. Current investments	d. No buck back
5. Sweat shares	e. Is debited to profit & loss a/c
6. Loss on sale of investment	f. Employees
7. Rights shares	g. Shareholders
8. Premium	h. Issue less than face value
9. Discount	i. Issue more than face value
	j. No cost

Q2.A. Expert co ltd made an issue of 1,00,000 equity shares of Rs 10 each

(15)

Payable as follows:

On Application	Rs 2.50 per share
On Allotment	Rs.2.50 per share
On 1 st Final call	Rs 5 per share

X, the holder of 400 shares did not pay the call money and his shares were forfeited. 200 of the forfeited shares were reissued as fully paid at Rs 8 per share.

Pass necessary journal entries.

OR

Q2.B. A company wants to issue 12% debentures of Rs 8,00,000. (15)

Pass journal entries for the issue of debentures are issued:

- The debentures are issued at par and redeemable at par
- They are issued at a discount of 10% but redeemable at par
- They are issued at a premium of 5% but redeemable at par
- They are issued at a discount of 5% but redeemable at a premium of 10%
- They are issued at par but redeemable at 5% premium..

Q3.A. Bhagwati Investments holds 12% debentures of Rs 100 each in Mansi ltd (15)

Interest is payable on 30th June and 31st December each year. Other details are as under:

Date	Particulars
1-4-2014	: Opening balance at cost of Rs 76,000 and face value Rs 80,000
1-6-2014	: 300 debentures are sold at Rs 105 each cum-interest
1-9-2014	: 700 debentures are purchased at Rs 98 each ex-interest
1-12-2014	: 400 debentures are purchased at Rs 108 each cum-interest
1-2-2015	: 900 debentures are sold at Rs 97 each ex-interest

Prepare Investment account of 12% debentures in the books of Bhagwati Investments for the year ended 31st March, 2015. The market price on 31st March, 2015 was Rs 67,500 of the said investment. Apply As 13.

OR

Q3.B. The authorized capital of a company Rs 10,00,000 divided into 60,000 equity shares of Rs 10 each. (08)

Out of which 50,000 shares have been subscribed and Rs.8 per share has been paid up. The company has Rs. 40,000 in share premium account, Rs 2,00,000 in Profit & Loss account (cr.) and Rs. 3,00,000 in General Reserve and Rs 60,000 in capital redemption reserve. The company has decided to capitalize the necessary parts of the above balances:

- By way of bonus dividend, the partly paid-up share are converted into fully-paid up shares
- The holders of fully-paid up shares are allotted Rs 1,50,000 by way bonus .
- Show the journal entries.

Q3.C. What is goodwill? Explain the various methods of valuation of goodwill. (7)

Q.4A. The Balance sheet of M ltd as on 31st March, 2012 was as follows: (15)

Liabilities	Rs	Assets	Rs
Equity shares of Rs 10 each	3,00,000	Net Block of Fixed Assets	8,00,000
Preference shares of Rs 100 each	1,00,000	Investments	1,00,000
Security Premium	1,50,000	Bank	7,50,000
General Reserve	1,00,000		
Profit & Loss Account	1,00,000		
Debentures	8,00,000		
Current Liabilities	1,00,000		
	16,50,000		16,50,000

Keeping in view the legal requirements ascertain the maximum number of equity shares that M ltd can buy back @ Rs 30 per share, being the current market price.

Pass journal entries to record buy back and prepare a Balance Sheet thereafter.

OR



Q4.B. The following is the balance sheet of Blustar Ltd. as on 31.12.2015

(15)

Liabilities	Rs	Assets	Rs
Share capital:		Land & Building	42,000
7,500 shares of Rs 10 each	75,000	Plant & Machinery	48,000
General reserve	15,000	Trade marks	7,500
Taxation reserve	22,500	Stock	18,000
Profit & Loss a/c	12,000	Debtors	33,000
Sundry creditors	48,000	Cash at bank	19,500
		Preliminary expenses	4,500
	1,72,500		1,72,500

The plant & machinery is worth Rs 45,000 and land & building have been valued at Rs 90,000 by an independent valuer. Rs 3,000 of the debtors are bad. The profits of the company have been as follows: 2013: Rs 30,000; 2014: Rs 33,750; 2015: Rs 39,750

Its company's practice to transfer 25% of the profits to reserve ignoring taxation. Find out the value of shares on the yield basis and also on the Net Asset basis. Normal rate of return is 10%. Goodwill may be taken to worth Rs. 60,000

Q5.A. Explain any 4 Accounting concepts.

(7)

Q5.B. What are the applications of computers in accounting?

(8)

OR

Q5.C Short Notes: (Any 3)

(15)

1. Restrictions on buy-back of shares
2. Own debentures
3. Share forfeiture
4. Bonus shares
5. Basic components of computer