

Q.P. Code :05948

[Time: 2 ½ Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B: 1. Solve all questions
2. Working notes should form part of your answer.

Q.1 A Fill in the blanks by choosing correct answer:

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- 1 Rights issue can be open for _____ days minimum.
 - a) 10days
 - b) 30 days
 - c) 60 days
 - d) 90 days
- 2 Floor price is _____ price of a price band.
 - a) Minimum price
 - b) Maximum price
 - c) Weighted average price
 - d) None of the above
- 3 The _____ does not at all consider the profitability of the business.
 - a) Balance sheet method
 - b) Net asset method
 - c) Yield method
 - d) None of the above
- 4 _____ are those reserves that are free for distribution of dividend.
 - a) Free reserves
 - b) Capital redemption reserve
 - c) Reserve capital
 - d) none of the above
- 5 Long term investments are shown at _____ in the balance sheet.
 - a) Market value
 - b) Cost
 - c) Cost or market value whichever is less
 - d) None of the above
- 6 The Accounting Standards are issued by _____.
 - a) SEBI
 - b) RBI
 - c) ICAI
 - d) Companies Act
- 7 A computer is an electronic machine which accepts data and instruction as _____.
 - a) Instructions
 - b) Output
 - c) Input
 - d) None of the above
- 8 A sum equal to nominal value of the shares given for buyback has to be transferred to _____.
 - a) Share premium account
 - b) capital redemption reserve account
 - c) Capital reserve
 - d) General reserve

TURN OVER

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- 9 The price paid for the debenture if quoted _____ includes the interest of the expired period.
- Cum interest
 - Ex-interest
 - Premium
 - None of the above
- 10 The share offered free of cost are called _____ shares.
- Rights
 - Bonus
 - Preferential
 - Priority

Q.1 B State with reasons whether the following statements are true or false

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- Preference shareholder have preference of repayment at the time of liquidation
- Fair value method is based on the dividend declared by a company.
- "Buy-back "means buying or purchasing by a company of its own securities.
- A current investment is an investment that is intended to be held for more than one year.
- AS1 is on disclosure of Accounting Policies.
- Use of computers help in recording transactions simultaneously.
- After buy back of debentures, the company cancels the debentures so purchased.
- A partnership firm can issues shares.
- Bonus issue converts reserves into share capital.
- Calls in arrears are added back to authorized capital.

Q.2 A Doli Ltd. Invited application for 10000 shares of Rs 100/- each at a premium of Rs.5 per share and payable as follows:

On a application – Rs. 25/

On allotments – Rs. 35 (including premium)

On final call – Rs. 45/-

Applications were received for 15000 shares and the company made a pre- rata allotment. Miss lata holding 500 shares failed to pay the share allotment money and share final call money. Her shares were forfeited and reissued at Rs.85/- per share.

Show the entries in the books of the company.

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OR

Q.2 B City enterprises Ltd, issued 1000 debentures of Rs.100/- each

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You are asked to give journal entries on issue if:

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

Q.3 A Mr. Vishal purchased 5000 shares of zee Ltd @Rs.85 and paid brokerage @1.5% and stamp duty of Rs. 4500 on 20th Feb. 2013. Mr. Vishal purchases another 7500 shares of Zee Ltd at the Rs 96 and paid brokerage @1.5% and stamp duty of Rs 7000 on 25th December 2013. The company issues one bonus share for every 2 shares held on 2nd Jan 2014. Mr. Vishal sold 6000 shares at Rs 110 and paid brokerage @1.5% on 15th Feb. 2014.

Find out the cost of investment sold and the carrying amount of investment and profit or loss.

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Q.3 B The authorized capital of a company is Rs.600000 divided into 60000 equity shares of Rs 10 each. The company's general reserve is Rs 500000 . The company has issued 40,000 shares. Each share is paid up to the extent of Rs 6. It was decided to distribute part of the reserve in payment of a call of Rs. 4 per share and also to apply a further sum of Rs 2,00,000 by the issue of remaining 20,000 shares by issuing bonus shares in the ratio of 1:2 to the shareholders.
Give necessary journal entries to record the above.

OR

Q.3 C The following is the Trial Balance of Jio Ltd as on 31st march 2015:

	Debit Rs	Credit Rs
Stock (1.4.2014)	186420	
Returns	12680	9850
Sundry manufacturing expenses	19240	
18%bank loan(secured)		50000
Office salaries and expenses	17870	
Directors remuneration	26250	
Freehold premises	164210	
Furniture	5000	
Debtors and creditors	105400	62220
Cash at bank	96860	
Profit and loss a/c (on 1.4.2014)		38640
Share capital		400000
Purchases and sales	718210	1169900
Manufacturing wages	109740	
Carriage inwards	4910	
Interest on bank loan	4500	
Auditor's fees	8600	
Preliminary expenses	6000	
Plant and machinery	128400	
Loose tools	12500	
Cash in hand	19530	
Advance payment of tax	84290	
	1730610	1730610

You are required to prepare profit and loss account for the year ended 31st march 2015 and a balance sheet as at that date after taking into consideration the following adjustments:

- 1 On 31st march 2015 outstanding manufacturing wages and outstanding office salaries stood at Rs. 1890 and Rs. 1200 respectively. On the same date stock was valued at Rs.124840.
- 2 Depreciation on plant and machinery is to be provided @15% while on the office furniture it is to be @10%
- 3 Write off one third of balance of preliminary expenditure.
- 4 Transfer 5% of the profits to general reserve.

TURN OVER

Q.P. Code :05948Q.4 A The balance sheet of ketan Ltd as on 31st march 2015 is as follows

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Liabilities	Rs.	Assets	Rs.
Equity shares of Rs.10/-each	600000	Fixed assets	2090000
10% preference shares of Rs 100/- each	150000	Investments	600000
Securities premium	120000	Current assets (including bank bal. Rs.125000/-)	810000
General reserve	200000		
Profit and loss a/c	180000		
10% debentures	1000000		
Term loan from Dena bank	800000		
Current liabilities	450000		
	3500000		3500000

Keeping in view all the legal requirements, ascertain the maximum no. of equity shares that ketan Ltd .can buyback @Rs.50/- per share. Assume that the buyback is actually carried out by selling investments costing Rs.300000/- for Rs. 320000/- pass journal entries.

ORQ.4 B The following is the balance sheet Of UBS Ltd as on 31st December 2016:

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Liabilities	Rs.	Assets	Rs.
Share capital:7500 shares of Rs.10 each	75000	Land and Building	42000
General reserve	15000	Plant and Machinery	48000
Taxation reserve	22500	Trade marks	7500
Workmen's savings A/C	11250	Stock	18000
Profit and loss A/C	12000	Debtors	33000
Sundry creditors	36750	Cash at bank	19500
		Preliminary expenses	4500
	172500		172500

The plant & machinery is worth Rs. 45000 and land & building have been valued at Rs. 90000 .Rs 3000 of the debtors are bad. The profits of the company have been as follows:

2014 Rs.30000

2015 Rs.33750

2016 Rs.39750

It is the company's practice to transfer 25% of the profits to reserve. Goodwill may be taken to be worth Rs. 60000. Ignore taxation.

Similar companies give a return of 10% on the market value of their shares

Find out the value of the shares on the yield basis and also on the net assets basis.

Q.5 A What is the procedure of issuing Accounting Standard (AS)?

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B Give characteristics of a computer.

07

OR

Q.5 C Give short notes on (any 3)

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- Share capital
- Yield method of valuation of shares
- Free Reserves
- Bonus Issue
- Cum-interest and Ex-interest transactions