

Note: All questions are compulsory.

Numbers at right indicate marks.

Q1) a) Fill in the blanks (Any eight) (08)

1. Investment intended to be held for less than 12 months is called _____ investment

- a) Current b) Long-term c) Trade d) Annual

2. The premium payable on redemption can be provided out of _____.

- a) statutory reserve b) security premium
c) insurance premium d) capital redemption reserve

3. _____ Currency used in presenting the financial statements

- a) Reporting Currency b) Non-Foreign Currency
c) Official Currency d) Indian Rupees

4. Non- cash items are not recorded in _____.

- a) Income & Expenditure A/c b) Balance Sheet
c) Profit & Loss A/c d) Receipts & Payments A/c

5. The Capital Redemption Reserve is _____

- a) payment out of dividend b) written off accumulated losses
c) issue of fully paid shares d) for all of the above

6. Debentures is _____

- a) Fixed interest prior to shareholders b) Variable interest prior to shareholder
c) Surplus d) Deficit

7. Long term investments are carried at _____.

- a) Fair Value b) Cost Price
c) Market Price d) Cost or Market whichever is low

8. Redeemable Preference shares can be redeemed _____

- a) Only out of the proceeds of the fresh issue of shares b) only out of divisible profit
c) out of fresh issue and/or out of the divisible profit d) none of the above

9. Non- monetary items are valued at ____.

- a) Market price b) current price c) historical cost d) fluctuating cost

10. The mean of the exchange rates in force during a period is known as

- a) Average Rate b) Closing Rate
c) Reporting Rate d) Fair Rate

b) state whether the following statement are True or False (Any seven) (07)

1. The Equity Share cannot be redeemed by a company.
2. Premium on redemption of preference shares can be met out of capital reserve.
3. Interest on calls in advance is allowed @ 10%.
4. Share forfeited balance is transferred to Capital Reserve Account.
5. The brokerage is payable on face value of investment.
6. Brokerage and expenses incurred on the purchase transaction of investment is not included in the cost of investment purchased.
7. Closing rate is the exchange rate at the close of the day on which a transaction takes place.
8. All receipts are the items of revenue income.
9. A company can redeem only fully paid preference shares.
10. Interest is paid to the holder of the security on the due date, in respect of his actual period of holding.

Q2) N ltd issued 20,000 equity shares of Rs 10 each at premium of Rs 2 per share, payable Rs 3 on application, Rs 5 on allotment (including premium) and the balance by two equal calls. The due dates of the installments are: (15)

- | | |
|-------------|---------------------------------|
| Application | on 1 st April 2017 |
| Allotment | On 1 st June 2017 |
| First Call | on 1 st August 2017 |
| Final Call | on 1 st October 2017 |

All the shares were duly allotted and the money so received on due dates with the exception of the following:

- a) Mr. A holding 2,000 shares paid the entire amount due along with allotment
- b) Mr. B holding 4,000 shares paid the amount due on first call with the amount due on final call.

Show journal entries (ignore interest on calls in advance and calls in arrears) in the books of the company.

OR

Q2) On 1st January, 2018 P Ltd. imported goods worth \$ 1,00,000 from T Ltd., USA. The payments were made as under: (15)

Date	Payments (\$)	Exchange Rate
18/01/2018	45,000	\$ 1=Rs.60
10/02/2018	18,000	\$ 1=Rs.59
18/03/2018	22,000	\$ 1=Rs.62
25/04/2018	15,000	\$ 1=Rs.60

Exchange rate on 01/01/2017 was \$ 1=Rs.58

Books are closed on 31st March every year. The exchange rate on 31/03/2017 was \$ 1=Rs.62

Pass necessary journal entries in the books of P Ltd. to record the above transactions and also prepare T. Ltd A/c in the books of P. Ltd for the year ended 31st march, 2017.

Q3) Mr. Mangal holds as on 1st April 2017 Rs. 1,50,000 (Cost price Rs. 1,56,000) 8 % Government Securities as investment on which interest is payable half yearly on 30th June and 31st December every year. The following transactions took place during the accounting year ended 31st March 2018. (15)

Purchases:

- 1) On 1-5-2017 Face Value Rs. 60,000 @ 98 Cum-Interest
- 2) On 1-11-2017 Face Value Rs. 90,000 @ 101 Ex-Interest

Sales:

- 1) On 1-8-2017 Face Value Rs. 72,000 @ 97 Cum-Interest
- 2) On 1-2-2018 Face Value Rs. 48,000 @ 102 Ex-Interest

Market price of investment at 1% discount on 31st March 2018. Prepare Investment Account closing 31st March 2018 in the books of Mr. Mangal. Investments are to be valued at cost or Market Value whichever is less. (Apply AS 13)

OR

Q3) The following is the Balance Sheet of R Ltd as on 31st March 2018 (15)

Liabilities	Rs	Assets	Rs
20,000 8% Redeemable preference Shares of Rs. 100 each fully paid up	20,00,000	Fixed Assets	80,00,000
40,000 Equity share of Rs. 100 each fully paid up	40,00,000	Investment (M.V. 8,80,000)	8,00,000
Securities Premium	3,20,000	Stock	14,00,000
General Reserve	12,00,000	Debtors	14,00,000
Profit & Loss A/C	3,20,000	Bank Balance	4,00,000
Current Liabilities	41,60,000		
	1,20,00,000		1,20,00,000

The 8% Redeemable Preference Shares are to be redeemed at a premium of 10%. Fresh Issue of equity shares to be made to the extent required in terms of the provisions of the companies Act 1956. All the investments are to be sold off at market value. Temporary Bank overdraft is to be arranged in case of shortage of funds.

The company redeemed the Preference shares on 1st April 2018 except in case of one shareholder holding 200 preference share who could not be traced.

Subsequently the company issued bonus shares in the ratio of one equity share for every four equity shares held in new issue.

Give necessary Journal Entries to record the above transactions in the books of R. Ltd.

Q4) Following is the Receipt & Payment Accounts and additional information of Fortis Hospital, Prepare Income & Expenditure Account for the year ending 31st March, 2018 and the Balance Sheet as on that date. (15)

Receipts & Payments Account for the year ending 31st March, 2018

Receipts	Amounts	Payments	Amounts
To Balance b/d	12,000	By Medicines	20,000
To subscription		By Honorarium to Doctors	1,50,000
2016-17	15,000	By Maintenances charges	88,000
2017-18	1,90,000	By Equipment purchased	60,000
2018- 19	30,000	By purchase of furniture	50,000
To Donation	1,10,000	By Fixed Deposit	2,00,000
To Life Membership fees	50,000	By Balance c/d	1,39,000
To Hospital receipts	30,000		
	7,07,000		7,07,000

Additional information:

- a) Outstanding subscription for 2015-16 is Rs.10,000.
- b) Equipment and Furniture were purchased on 01/04/ 2017 and both the assets were to be depreciated @ 20% p.a.
- c) Half of the Life Membership Fees and Donations are Fully capitalised.
- d) Medicine bill is outstanding Rs.15,000.
- e) On 1st April 2017 the Hospital had the following Assets & Liabilities – Land Rs.5,00,000, Investments Rs.3,00,000, Ambulance Rs. 2,05,000, Capital Fund Rs. 5,32,000.

OR

Q4)a) L Ltd. issued 25,000, 7% Debentures of Rs. 100 each at a discount of 5% on 1st April, 2016. Amount payable was as follows – On Application Rs.20 ; (7)
On Allotment Rs. 35 (Rs. 5 discount)
On final Call Rs. 40

Issue was fully subscribed & paid for, give journal entries.

- a) J Ltd. issued 20,000 shares of Rs. 100 each at a premium of Rs. 10 per share. The share amount was payable as under –

Application – Rs. 20;

Allotment – Rs. 40 (including Premium) ;

First Call – Rs. 30;

Final Call – Rs. 20

Application received for 20,000 shares. All shares were duly allotted. Pass necessary journal entries in the books of J Ltd.

- Q5) a) What is Preference share? Explain the types of preference shares. (8)
b) Differentiate between shares and debentures. (7)

OR

Q5) Write short Notes on: (any three) (15)

1. Divisible profit
2. Forfeiture of equity shares
3. Reporting currency
4. Private placement of shares
5. Receipt and Payment Account.
