

Max. Marks:75

Max Time 2 hours 30minutes

Note: All questions are compulsory.

Q-1 A) Multiple Choice Questions: (any Eight)

8M

- 1) The premium payable on redemption can be provided out of _____.
 - (a) statutory reserve
 - (b) security premium
 - (c) insurance premium
 - (d) capital redemption reserve
- 2) Debentures is _____.
 - (a) Fixed interest prior to shareholders
 - (b) Variable interest prior to shareholder
 - (c) Surplus
 - (d) Deficit
- 3) Currency used in presenting the financial Statements
 - (a) Reporting Currency
 - (b) Non Foreign currency
 - (c) Official Currency
 - (d) Indian Rupee
- 4) Subscription Received in Advance is :
 - (a) An Asset
 - (b) An Income
 - (c) A Liability
 - (d) An Expenditure
- 5) the Accounting of Investment is Dealt by AS
 - (a) 12
 - (b) 13
 - (c) 30
 - (d) 15
- 6) Non Profit Organization Prepare _____.
 - (a) Income & Expenditure A/c
 - (b) Trading and Profit and Loss A/C
 - (c) Profit & Loss A/c
 - (d) On Trading Account
- 7) The issue of Shares more than face value at _____.
 - (a) at par
 - (b) at discount
 - (c) at premium
 - (d) none of them
- 8) Investment intended to be held for More than 12 months is called _____ investment
 - (a) Current
 - (b) Long-term
 - (c) Trade
 - (d) Annual
9. 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
- 10 IPO means
 - (a) Initial public offer
 - (b) Inside public offer
 - (c) Institutional police officer
 - (d) insider public offer

B) State whether the following statement are True or False (Any seven)

7M

1. A company can redeem only fully paid preference shares.
2. Receipts can be capital or revenue in nature.
3. Excess of income over expenditure is termed as Deficit.
4. Current investments are always valued at cost.
5. Capital Expenditure is an expenditure the benefit of which do not expire in one year.

6. Share forfeited balance is transferred to Capital Reserve Account.
7. Entrance fee is a revenue receipt.
8. Preference share holders get preference over the equity share holders at the time of winding up of the company.
9. when an investment is sold cum-interest, part of the sale price represents only true sale price.
10. Interest on call in advance is @ 6%.

Q-2 Sohan Co. Ltd invited applications for 4,000 equity shares of Rs 10 each payable as under:-

Rs3 on application, Rs 2 on allotment, Rs 3 on First call, Rs2 on Final call.
Public applied for 5,000 Shares, Company rejected 500 applications and their money was refunded. Money on the remaining applications after allotment of 4,000 shares diverted to allotment. All the money on allotment and calls were duly received. Pass the necessary journal entries in the books of Sohan Co Ltd.

15M

OR

Q-2 On 1st January 2017, MARY LTD, an Indian Importer, purchased \$25,000 worth goods from Games Trader Company of USA.

The Payment for the import was made as follows:

| | | |
|---------------------------------|---|-----------|
| On 10 th Feb, 2017 | - | \$ 10,000 |
| On 15 th March 2017, | - | \$ 7,500 |
| On 20 th April 2017, | - | \$ 7,500 |

Mary Ltd closes its books on 31st March every year.

The exchange rate for \$1 was as Follows:

| | | |
|------------------------------|---|----------|
| 1 st January 2017 | - | Rs 69.00 |
| 10 th Feb, 2017 | - | Rs 69.50 |
| 15 th March, 2017 | - | Rs 67.60 |
| 31 st March 2017 | - | Rs 65.00 |
| 20 th April 2017 | - | Rs 66.75 |

Pass journal entries for the same.

15M

Q-3 Mr. M closes his books of accounts on 31st March every year. From the following details prepare columnar Investment Account in the books of Mr. M for the year ended 2018

- 1st June 2017 purchased 400 debentures at a rate of Rs 96 Ex-Interest.
- 1st September 2017, Sold 200 Debentures at a rate of Rs 108 Cum Interest
- 1st December 2017, Purchased of 500 Debentures at the rate of 94 Cum Interest.
- 31st December 2017, Sold 300 Debentures at a rate of Rs 110 Ex Interest.

15M

OR

Q-3 Bharat Ltd. whose issued share capital on 31/12/2017, consisted of 12,000, 8% redeemable preference shares of Rs 100 each fully paid and Equity shares of Rs 100 each, Rs 80 paid up. Decided to redeem Preference Shares at a premium of Rs10 per shares. The company's Balance sheet as at 31/12/2017, showed a general reserve of Rs18,00,000 and a capital reserve of 1,70,000. The redemption was effected partly out of profits and partly out of the new issue of 6,000, 7.5% preference shares of Rs 100 each at a premium of Rs 25. the premium payable on redemption was met out of the premium received on the new issue. You are required to pass the necessary journal entries.

15M

Q-4 following is the receipt and payment of Excellent Recreation club for the year ended 31st march, 2017.

Receipts & Payments Account for the year ending 31st March, 2017

| Receipts | Amounts | Payments | Amounts |
|--|---------------|------------------------------|---------------|
| To cash in Hand | 500 | By Salaries | 24,000 |
| To cash at bank | 5,600 | By rent | 7,200 |
| To Subscription (including Rs 1,000 for 2015-16 and 1,500 for 2017-18) | 45,500 | By Postage and Stationery | 300 |
| To Interest on Investment | 20,000 | | 2,550 |
| To Bank Interest | 250 | By Electricity Charges | 3,000 |
| To Sale of Furniture | 3,000 | By Meeting Expenses | 1,500 |
| | | By Purchase of Library Books | 10,000 |
| | | By Investment in Bonds | 10,000 |
| | | By cash in Hand | 1,550 |
| | | By cash at Bank | 14,800 |
| | 74,900 | | 74,900 |

Following additional information is also supplied to you:

- On 1st April, 2016, the club had the following Assets and liabilities:
 - Investment Rs 4,00,000;
 - Furniture Rs 30,000;
 - Library Books Rs 50,000
 - Liability for rent Rs 600
 - Salaries Outstanding Rs 2,000.
- On 31st March, 2017 rent of Rs 800 and salaries of Rs 2,500 were in arrears.
- The book value of furniture sold was Rs 2,500.

Prepare Income and Expenditure Account of the club for the year ended 31st March 2017, and Balance sheet as at that date. 15 M

OR

Q-4 Pass the necessary journal entries in the following cases: 15M

- Rs 30,000, 12% Debentures of Rs 100 each issued at a discount of 5% redeemable at par.
- Rs 60,000, 12% Debentures of Rs 100 each issued at a discount of 5% redeemable at Rs 105.
- S Ltd issued 25,000, 10% Debentures of Rs 100 each. Give the journal entries when the Debentures are supplied to the supplier of Machine costing Rs 28,00,000 as his full and final Payment.
- A Ltd. Issued 1,000, 5% Debentures of Rs 100, each repayable at the end of 10 years. Pass the journal entries in the books of Amar Ltd. presuming that They were issued @5% premium & repayable at par.

Q.5 a) what is Share. Explain the types of Shares. (8)

b) Explain the Income and Expenditure Account. (7)

OR

Q.5 Write short Notes on: (any three) (15)

- Foreign Exchange rate
- Capital Redemption Reserve
- Cost of Investment
- Bonus issue of Shares
- Ex- interest and Cum- interest Price