

1) All Questions are compulsory

Q.1. A. Multiple choice questions: (attempt any 8)

8 marks

1. On each sale of investment, the profit or loss is calculated as

- (A) Sale Price Less Simple Average Cost (B) Sale Price Less Weighted Average Cost
(C) Sale Price Less Cost On Fifo Basis (D) Sale Price Less Cost On Lifo Basis

2. ABC sells 100 Debentures of nominal value of Rs. 100 each of ICICI Ltd. at Rs. 98 (ex-interest) on 1-3-2019 to XYZ. Interest @ 12% p.a. is to be paid half-yearly on 30th June and 31st December,

Total amount received is

- (a) Rs. 10,000 (b) Rs. 10,100
(c) Rs. 9,800 (d) Rs. 9,900

3. XYZ buys 200 Debentures of nominal value of 100 each of ICICI Ltd. at Rs. 98(ex-interest) on 1-3-2019 from ABC. Interest @ 12% p.a. is to be paid half-yearly on 30th June and 31st December

Price paid by XYZ towards capital is

- (a) 20,000 (b) 19,600
(c) 20,200 (d) 19,800

4. Profit on sale of investment

- (A) Is Transferred To Profit & Loss A/C only if the Investment Is Current Investment
(B) Is Transferred To Profit & Loss A/C
(c) Is Transferred to Capital Reserve A/c if the Investment is Long Term Investment
(d) None of the Above

5. Amount of Arrears of cumulative dividends

- (A) Is Debited To the Profit And Loss A/C of A Company as Provision for Proposed Dividends
(B) Is Deducted From Pref. Share Capital in the Balance Sheet of a Company
(c) Is added to Preference share Capital in the Balance Sheet of a Company
(d) Is shown by way of a note to all the balance Sheet of a Company under Contingent Liabilities.

6. The Broad Headings under Which Balance Sheet Is Divided Under the Revised Schedule VI Are

- (A) 'Liabilities' and 'Assets'
- (B) 'Equity and Liabilities' and 'Assets'
- (C) 'Sources of Funds' and 'Application of Funds'
- (D) 'Current' and 'Non-Current'

7. Where a company constructs office buildings for third parties and the construction normally takes two to three years to complete, the company's construction work in progress would be classified as:

- (a) A fixed tangible asset
- (b) A fixed intangible asset
- (c) A long term loans and advance
- (d) A current asset

8. Goodwill is an _____ asset

- (a) Tangible
- (b) Intangible
- (c) Non – Current Marketable Securities
- (d) None of the above

9. Under valuation of Shares, Net Asset Method is also called as

- (1) Asset backing Method
- (2) Intrinsic Value Method
- (3) Earning Capacity Method
- (4) Yield value Method
- (a) 1 & 3 only
- (b) 1 only
- (c) 1,2, 4 only
- (d) 1 & 2 only

10. _____ are called as the true owners of the organisation

- (a) Equity Shareholders
- (b) Preference Shareholders
- (c) Debenture holders
- (d) None of the above

Q. I. B. State the following statements which is True or False (any 7)

7 marks

1. Capital profit realised in cash can be used for paying dividend.
2. Dividend can be paid out of capital, but interest cannot be paid out of capital.
3. One of the few assets that is usually not depreciated is Goodwill.
4. Future bad debts are usually estimated as percentage of debtors.
5. If a security is transferred on the exact date when interest falls due, the entire interest upto that due date belongs to the purchaser.

6. If a security is transferred on any date other than the due date for payment of interest, the purchaser has the right to claim the Interest upto the date of transfer as his income.
7. If a security is transferred on any date other than the due date for payment of interest, the seller has the right to claim the Interest after the date of transfer as his income.
8. Yield Value of is also known as Earning Capacity Method under Valuation of Equity Shares
9. Corporate Accounting deals with everything which is related to costing of a product including the opportunity cost.
10. Corporate Accounting involves preparation of Final Accounts and its Notes to Final accounts as specified in Schedule II of Companies Act, 2013.

Q.2. a. Explain Accounting for Issue of Shares at Par with journal entries for application stage to call stage. 15 marks

OR

Q.2. b. Following is the trial balance of Bharavi Ltd. As on 31st March, 2019: (15)

Particulars	Debit Balance	Credit Balance
Inventories	250000	
Fixed Assets (Net Block)	617500	
Receivables (Unsecured & Good)	200000	
Advance for Insurance	45000	
Cash on Hand	35000	
Bank Balance	500000	
Goodwill	30000	
Bills Receivable – Trade	28000	
Investment (at Cost)	100000	
Share Capital (Equity Shares of Rs. 1 each)		950000
General Reserve		35000
10% Debentures		150000
Proposed Dividend		15000
Net profit for the year		370000
Profit and Loss A/c (Opening Balance)		100000
Bank Loans		50500
Sundry Creditors		120000
Provision for Taxation		15000
	1805500	1805500

Additional Information:

1. Transfer to General Reserve Rs. 5000.
2. Out of Debtors, debts due for more than six months were Rs. 52000
3. Sundry Creditors included creditors for goods Rs. 105000, while the remaining are expenses.
4. Market Value of Investments is Rs. 78000 while its face value is Rs. 60000.

Prepare Balance Sheet as on 31st March, 2019 as per legal requirements after considering the above adjustments.

Q.3. a. Myra Investments hold 1,200 – 6% debentures of Rs. 100 each in Ispat Ltd. as on 1st April 2019 at a cost of Rs. 1,20,000. Interest is payable on 30th June and 31st December each year. Other details are as under:

15 marks

Date	Details	Rs.
01-6-2019	400 debentures are purchased cum interest at	42,000
01-11-2019	600 debentures are purchased ex-interest at	62,600
30-11-2019	400 debentures are sold cum interest for	46,900
31-12-2019	700 debentures are sold ex-interest for	77,600

Prepare Investment Account from the following information.

OR

Q.3. b. On 1st April, 2018 Mr. Sahil had 20,000 equity shares in RIL Ltd. Face value of the share was Rs. 10 each but their book value was Rs. 160 per share. On 1st June 2018 Mr. Sahil purchased 15,000 more equity shares of the same company for a price of Rs. 140. On 30th June 2018 the directors of RIL Ltd. announce a bonus and right issue. Bonus was declared @ 1 equity share for every 5 equity share held. Bonus shares were received on 2nd August, 2018. Right issue as per following terms:

1. Right shares to be issued to the existing shareholders on 1st August, 2018.
2. Right offered were @ 1 share for every 3 shares held at Rs. 85 per share. Full amount was payable by 30th September, 2018.
3. Existing shareholders may, to the extent of their entitlement, either wholly or in part, transfer their right to outsiders.
4. Mr. Sahil exercised his option and subscribed for 60% of his entitlements and the balance of rights, he sold to Mahi for a consideration of Rs. 12 per share.
5. Dividends for the year ended 31st March, 2018 @ 15% was declared by the company and received by Mr. Sahil on 20th October 2018.
6. On 1st November, 2018 he sold 5,000 shares at Rs. 165 per share.

Prepare Equity shares Account for the year ended 31st March, 2019

15 marks

Q.4. a. Give the format of Financial Statements (Profit or Loss and Balance Sheet) as mandated by Companies Act..

(10 m)

Q.4. b. Give the Disclosures of Reserves and Surplus in Final Accounts

(5 m)

OR

Q.4. c. From the following particulars, calculate the fair value of an equity share assuming that out of the total assets, those amounting to Rs. 25,00,000 are fictitious.

(i) Share capital:

5,00,000 10% preference shares of Rs.100 each, fully paid

50,00,000 Equity shares of Rs. 10 each, fully paid.

(ii) Liability to outsiders = Rs.45,00,000

(iii) Reserves and surplus = Rs.35,00,000

(iv) The average normal profit after taxation earned every year by the Company during the last Five years = Rs. 65,05,000

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Page 4 of 5

(v) The normal profit earned on the market value of fully paid equity shares of similar companies is 12%.

15 marks

Q.5. a. What do you mean by a company? State different types of companies.

15 marks

OR

Q.5. b. Write Short Notes (Any 3)

15 marks

1. Ex – Interest Price
2. Share Capital disclosures in Final A/c
3. Assets Backing Method for Valuation of Shares
4. Characteristics of Company
5. Shares as Means of Investments
