

Q1. A) State whether the following statement is true or false. (Any 8)

(8)

1. Debenture holders are the owner of the company.
2. A company can redeem only fully paid-up preference shares.
3. Preference share must be redeeming within 10 years.
4. Director's fees are pre-incorporation expenses.
5. Short term borrowings are due for more than one year.
6. To print Ctrl + P key use.
7. In Tally, budget can be on gross transaction.
8. Company can redeem partly paid preference shares.
9. Debentures can convert into new debentures.
10. Debentures must be redeeming out of capital only.

Q1. B) Match the following. (Any 7)

(7)

Group A	Group B
1. Profit up to pre-incorporation	a. Sales Ratio
2. Depreciation	b. 50% of Debenture Face value
3. Loss up to pre-incorporation	c. Within 10 years
4. Commission on sales	d. Cannot be redeem
5. DRR	e. Borrowed capital
6. Debentures	f. Time ratio
7. Preference share capital	g. Borrowed fund
8. Partly paid-up preference share	h. Capital reserve
9. Redemption of preference share	i. Goodwill
10. SEBI regulation	j. Redemption of debenture

Q2. Following is the balance sheet of ASHOK Ltd. as on 31st March 2015.

(15)

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,50,000	Fixed assets	400,000
Preference share capital	1,50,000	Investment	100,000
General reserve	1,00,000	Current assets	150,000
Profit & Loss A/c	50,000	Cash bank	100,000
Security premium	50,000		
Current liabilities	1,50,000		
	7,50,000		7,50,000

Adjustments:

1. Company wants to redeem preference share @ 10% premium for which 5,000 equity share of Rs. each issued at par.
2. Company declared 1 bonus share for every 5 original equity shares.
3. Investment sold for Rs. 120,000.
4. Pass journal entry in the books of company and prepare balance sheet after redemption.

OR

Q2. Following is the balance sheet of Zebra Ltd. as on 31st march 2014.

(15)

Liabilities	Rs.	Assets	Rs.
Equity share capital	5,00,000	Fixed assets	3,00,000
Preference share capital (100 each 80 paid up)	4,00,000	Investment	2,00,000
General reserve	1,00,000	Current assets including bank balance	12,00,000
Profit & Loss a/c	5,00,000		
Creditors	2,00,000		
	17,00,000		17,00,000

Adjustments:

1. Investment sold @95% on cost.
2. Preference share redeem @5% premium.

(P.T.O.)

3. Mr. Vinit to whom 300 shares allotted who paid his 100% amount of his share capital could not be traceable.

Q3. P Ltd. issued 4000, 15% debentures of Rs. 100 each on 1st January 2014 at a discount of 10%. Debentures are redeemable at premium of 10% in lump sum at the end of 4th year from the date of issues. The company plans to redeem debentures entirely out of profit and to create a Debentures Redemption Reserve, for the purpose every year. Pass journal entry in the books of company.

OR

Q3. Gama Ltd. had issued 3000, 12% Debentures of Rs. 100 each under SEBI regulations redeemable on 31st December, 2014 at a premium of 5%. The company offered three options to the shareholders:

1. 14% preference shares of Rs. 10 each at Rs. 12 each.
2. 15% Debentures of Rs. 100 each at par.,
3. Redemption in cash.

The options were accepted as under:

1. 1000 debenture holders accepted 1st option.
2. 1000 debenture holders accepted 2nd option.
3. Balance accepted 3rd option.

The redemption was carried out by the company out of minimum profits. Pass journal entry.

Q4. Siyarams Ltd. was formed to take over the running business with effect from 1st April 2014. The company was incorporated on 1st October 2014. The following is the profit and loss account for the year ended 31st March 2015.

Particulars	Rs.	Particulars	Rs.
To salaries	240,000	By gross profit b/d	15,00,000
To printing	24,000		
To travelling	84,000		
To advertisement	80,000		
To trade expenses	189,000		
To rent	132,000		
To electricity	21,000		
To preliminary expenses	56,000		
To bad debts	16,000		
To commission to selling agent	80,000		
To audit fees	30,000		
To debenture interest	15,000		
To interest paid to vendor	21,000		
To selling expenses	126,000		
To depreciation	48,000		
To net profit c/d	338,000		
	15,00,000		15,00,000

1. Rent was paid Rs. 96,000 p.a. up to September and thereafter it was increased by Rs. 24,000 p.a.
2. Travelling expenses include Rs. 24,000 towards sales promotion.
3. Sales ratio 3:5
4. Depreciation includes Rs. 3,000 for assets acquired in the post incorporation period.
5. Purchase consideration to vendor was discharged by the company on 31st October 2014.
6. Salaries include Rs. 40,000 paid to the director. There were 3 employees up to 30th September after which the number was increased by 6 employees.
7. Prepare profit and loss accounts.

OR

Q. 4 The trial balance of Complex Ltd. as at 31st March 2012 shows the following items:

(15)

Particulars	Debit Rs.	Credit Rs.
Advance payment of income tax	320,000	-
Provision for income tax for the year ended 31 st March 2011	-	220,000

The following further information is available:

1. Advance payment of income tax includes Rs. 240,000 for 2010-11.
 2. Actual tax liability for 2010-11 amounts to Rs. 252,000 and no effect for the same has so far been given in accounts.
 3. Provision for income tax has to be made for 2011-12 for Rs. 260,000.
- You are required to prepare: a) provision for income tax account, b) advance payment of income tax account liabilities for taxation account and also show, how the relevant items will appear in the profit and loss statement and balance sheet of the company.

Q5. Write short notes. (Any 3)

1. Write any 5 function keys with their functions.
2. List the steps for creating a budget.
3. Redemption of Debentures
4. Redemption of Preference shares
5. Management information system.

(15)

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