

- N.B. : (1) All questions are compulsory.
(2) Figures to right indicate full marks.
(3) Working notes should form part to your answer.
(4) Narration is required to be given in journal entries.
(5) Q. 3 and Q. 4 have internal option. (solve any one)
(6) Q. 5 and Q. 6 have internal option (solve any one).

1. The Balance Sheet of Manjiri Ltd. as on 31-3-2012 was as under :
Balance Sheet as on 31-3-2012.

15

Liabilities	₹	Assets	₹
10,000 Equity Share of ₹ 10 each	1,00,000	Fixed Assets	3,82,000
18% Redeemable Preference share of ₹ 100 each 1,00,000		Investment	30,000
(-) call in Arrears 6,000		Bank Balance	4,000
	94,000		
14% Preference shares of ₹ 10 each fully paid up	1,00,000		
General Reserve	60,000		
Security Premium	5,000		
Sundry Creditor	57,000		
	4,16,000		4,16,000

Additional Information :-

- (a) 18% Redeemable Preference Share were due for payment on 1-4-2012 at a premium of 10% for that company sent reminder for the final call on remaining 300, 18% Preference Shares and could collect money from only 200 shareholders @ 20 per share and balance were forfeited.
- (b) Company sold all investment @ 90% of value.
- (c) Company issued adequate number of Equity Shares at par, to the extent available profits were insufficient to back up the redemption.
- (d) Company made payment to all the 18% Redeemable preference shares except 10 shareholder could not traced.
- (e) Overdraft facilities can be arranged, if possible.
Pass necessary journal entries and prepared Balance Sheet of the company after redemption.

[TURN OVER]

2. (a) Fill in the blank. Rewrite the statement :-

- (i) Shares issued to the employees of the company at discount or consideration other than cash is known as _____.
- (ii) Capital Redemption Reserve account can be utilised for issue of fully paid _____.
- (iii) Over Debtenture account will appear on the _____ side of the Balance Sheet.
- (iv) For buyback, shares should be _____ paid up.
- (v) Every society should contribute _____ to education funds.

(b) State whether following statement are true or false rewrite the statement :-

- (i) Non-voted company cannot go for byback.
- (ii) Company can only issue irredeemable preference shares.
- (iii) Equity Shares are redeemable.
- (iv) Security premium account can be utilized to write off premium payable on redemption of redeemable preference shares.
- (v) Every year society should transfer to Repairs fund, minimum 0.75% of cost of building.

(c) Choose the most appropriate answer from following and rewrite the complete statement :-

- (i) Premium on issue of shares can be used for -
 - Payment of dividend
 - Writing of preliminary expenses
 - Paying fees to Director
 - Transfer to C.R.R.
- (ii) Profit on sale of sinking fund investment A/c is credited to -
 - Sinking Fund Investment A/c
 - Capital Reserve A/c
 - Sinking Fund A/c
 - General Reserve A/c
- (iii) Loss on issue of debenture is treated as -
 - Current Liability
 - Current Assets
 - Tangible Assets
 - Miscellaneous Expenditure
- (iv) Company issue share of ₹ 10 each fully called up i.e. on application and ₹ 2, on allotment 3, on first called ₹ 2 and on final call 3. Mr. R holding 100 share fails to pay first and final call. The amount credited to share forfeiture A/c is -
 - ₹ 200
 - ₹ 300
 - ₹ 500
 - ₹ 1,000

→ (v) Company cannot issue :-

- Non redeemable preference share
- Redeemable preference share
- Preference share redeemable at premium
- Cumulative redeemable preference shares.

3. The following balance were appeared in the books of Dimple Desai Ltd. as on 1-4-2011 – 15
- | | |
|-----------------------------|----------|
| 14% Debenture A/c | 8,00,000 |
| Sinking fund A/c | 6,00,000 |
| Sinking fund investment A/c | 6,00,000 |
| (represented by 10% | 6,00,000 |
| Govt. Bond of Rs. 7,20,000 | |

Annual contributions of ₹ 1,28,000 to Sinking fund is to be made on 31 March every year. On 31-3-2011 balance in Bank was ₹ 4,00,000.

The company sold the investment at 80% and debenture were redeemed.

Interest on debenture and investment were paid and received on every 31st March, which received and paid on due date respectively.

Prepaid :-

- | | |
|-----------------------|---------------------------------|
| (a) 14% Debenture A/c | (c) Sinking Fund Investment A/c |
| (b) Sinking Fund A/c | (d) Bank A/c |

OR

4. From the following balance sheet of RAM Ltd. as on 31st March, 2011 :-

15

Liabilities	₹	Assets	₹
Share Capital :		Fixed Assets	7,00,000
50,000 Equity Shares		Investment	4,00,000
of ₹ 10 each	5,00,000	Current Assets	6,00,000
Securities premium	50,000		
General reserves	2,00,000		
Profit and Loss A/c	2,50,000		
10% Debentures A/c	4,00,000		
Creditors	3,00,000		
	17,00,000		17,00,000

Required :-

- Calculate the maximum number of equity shares that can be brought back.
- Find out the maximum price it can offer.
- Pass Journal Entries.
- Prepare Balance sheet after buy back.

[TURN OVER

Con. 7073-CG-7039-12.

4

5. Rashmi Ltd. Invited application for 40,000 of its Equity Share of ₹ 100 each at a 15% premium of ₹ 20 each, payable as -

On application	= ₹ 30 per shares
On Allotment	= ₹ 70 per shares (Inc. Premium)
First and Final Call	= Balance.

Applications were received for 50,000 shares. It was decided to -

- Refuse allotment to the applicants of 2000 shares
- Allot in full to the applicant of 8000 shares
- Allot the balance of available share pro-rata among the other applicants and
- Utilise the excess application money in part payment of allotment moneys.

Mr. Sameer holding 400 shares to whom shares had been allotted on pro-rata basis failed to pay the amount due on allotment and call.

Ms. Anita holding 200 shares to whom full allotment was made failed to pay the amount due on call.

These shares were forfeited. 320 forfeited shares of Sameer and 80 shares of Anita were re-issued to Ms Sayali at a discount of ₹ 10 per share.

Pass necessary Journal entries in the books of Rashmi Ltd. (Working should form part of your answer).

OR

6. (a) Journalised the following transaction :-

- Issue at 10% Discount, 3000 12% Debenture of ₹ 100 each, redeemable at par.
- Issue at 10% Premium, 4000, 10% Debenture of ₹ 100 each redeemable at par.
- Issue at par, 2000, 8% Debenture of ₹ 100 each redeemable at premium of 10%.
- Issue at 10% Discount, 2000 11% Debenture of ₹ 100 each, redeemable at premium of 5%.
- Pass Journal entry in case of (iv) above at the time of redemption of Debenture. (Note : Narration need not be given)

- (b) Answer the following :-

- What is divisible profit explain with examples.
- Use of capital redemption reserve.
- What is debenture redemption reserve ?
- Explain two objective of buy back of equity share.