

## Q1 A) True or False (Any 8)

08Marks.

1. A Sales order is issued by the seller.
2. Capital Redemption Reserve is used for payment of dividend.
3. Memorandum Trading Account is prepared to find out stock on the date of fire.
4. Terms of Redemption of Preference Shares are specified at the time of its issue.
5. The fund created to provide funds for Redemption of Debentures is called Sinking fund.
6. A purchase order is issued by the seller to a buyer.
7. Insurance avoids loss due to fire.
8. Premium payable on debentures is provided out of profits.
9. A company cannot issue Redeemable preference Shares.
10. Fire destroys goods & profit also.

## Q1.B) Match the columns. (Any 7)

07Marks

Group A	Group B
1. Average Clause.	A. Out of Free Reserve.
2. Preference Shares.	B. Loan
3. Capital Redemption Reserve.	C. Sale of Goods/Services.
4. Debentures.	D. Transfer to Sinking Fund.
5. Invoice.	E. Profits of the Company.
6. Interest on Sinking Fund Investment.	F. Cover Risk of Loss.
7. Premium on Redemption of Preference share.	G. Used to Add a Voucher.
8. Loss on Sale of Sinking Fund Investment.	H. Profit & Loss A/c.
9. Fire Insurance.	I. Redeemable.
10. Alt - A	J. Discourage Under insurance.

**Q.2.** Moni Traders have taken out a fire policy of Rs. 2,40,000. A Fire occurs on 31<sup>st</sup> March 2016 & Stock was destroyed with the exception of worth Rs. 62,040. Following particulars are available from the books of accounts of the firm

15Marks

Stock as on 1 <sup>st</sup> Jan. 2016	90,000
Purchases to the date of fire	3,90,000
Sales to the date of fire	2,70,000
Commission paid to the purchase manager on purchase	7,800
Carriage paid on purchase	2,400
Average Gross profits on cost	33.5%

The policy was subject to Average Clause. You are required to arrive at the

- 1) Total Loss of Stock &
- 2) Amount of claim to be made against the insurance company.

OR

**Q 2.** A Fire occurred in the premises of Mr. Virendra on 15<sup>th</sup> October, 2015.

15Marks

From the following particulars ascertain the loss of stock and prepare a statement of claim to be lodged with insurance company.

Particulars	Rs.
Stock on 31-3-2013	1.98.000
Stock on 31-3-2014	2.42.000
Purchases for 2013-14	6.40.000
Sales for 2013-14	8.00.000
Purchases from 1-4-2014 to 15-10-2015	6.00.000
Sales from 1-4-2014 to 15-10-2015	7.58.000

The stock on 31<sup>st</sup> March, 2013 was valued at 90% of Cost Price and 31<sup>st</sup> March, 2014 was valued at 10% above cost. Salvage was Rs. 35,600 the amount of policy was Rs. 2,00,000. The Claim was subject to average clause.

**Q.3.** Following is the balance sheet of XYZ Ltd as on 31-03-2016.

**15Marks**

Liabilities	Rs	Assets	Rs
5,000 equity share of Rs 100 each fully paid up	5,00,000	Fixed Assets	3,00,000
20,000, 9% Redeemable preference shares of Rs 10 each Rs 8 paid up	1,60,000	Investments	2,00,000
Profit and loss A/C	1,60,000	Bank Balance	10,00,000
Current Liabilities	90,000	Other Current Assets	4,00,000
<b>Total</b>	<b>9,10,000</b>	<b>Total</b>	<b>9,10,000</b>

On 1<sup>st</sup> April 2016 the Company:

- 1) Redeemed its Preference shares at a premium of Rs2 per share.
- 2) Investment sold at 20% profit.
- 3) Company issued 1,000 Equity shares of Rs 10 each at a premium of 10%.
- 4) Company issued one bonus for every five share held (excluding new issue).

Pass necessary journal entries in the books of the Company.

**OR**

**Q.3** Following is the balance sheet of Umashankar Rao Ltd as on 31-03-2016.

**15Marks**

Liabilities	Rs	Assets	Rs
40,000, equity share of Rs 100 each fully paid up	40,00,000	Fixed Assets	80,00,000
20,000, 8% Redeemable Preference shares of Rs 100 each fully paid up	20,00,000	Investments	8,00,000
General Reserve	12,00,000	(Market value Rs 8.80,000)	
Profit and loss A/C	3,20,000	Stock	14,00,000
Security Premium	3,20,000	Debtors	14,00,000
Current Liabilities	41,60,000	Bank Balance	4,00,000
	<b>1,20,00,000</b>		<b>1,20,00,000</b>



The 8% preference shares are to be redeemed at a premium of 10%. Fresh issue of equity share to be made to the extent required in terms of the provision of the companies Act, 1956. All the investment to be sold at market value.

The Company Redeemed the preference shares 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 including new issue.

Pass necessary journal entries in the books of the Company.

Q.4. Sumit Medical Suppliers Ltd. gave notice of its intention to redeem its 10% debentures, amounting Rs 16,00,000 of Rs100 each at a premium of Rs10 per debenture and offered the debenture holders following three options, to apply the redemption money to subscribe for :

A. 8% Preference shares of Rs 100 each at Rs 105 per Shares.

B. 12% Debentures of Rs 100 at Rs 96 each

C. To have their holding redeemed for cash.

Debenture holders of 4200 accepted proposal (A)

Debenture holders of 2880 accepted proposal (B)

Remaining Debenture holders accepted proposal (C)

Pass necessary journal entries to record above transaction in the books of the company.

15Marks

OR

Q.4. A company issued 10,000 8% Debentures of Rs. 100 each at par on 01-01-2001 Redeemable on 31-12-2004 at par. The company decided to invest money outside business to provide funds for redemption. The outside investments were made @ 5% p.a. on the last day of each year. On 31<sup>st</sup> December, 2004, the company sold all investments for Rs. 7,25,000 and redeemed the 8% Debentures. The Sinking Fund value of Rs. 1 @ 5% interest for 4 years is 0.23012. Prepare for all the four years:

1. 8% Debentures Account

2. Sinking Fund Account

3. Sinking Fund Investment Account

Note: Calculation to be rounded off to the nearest rupee.

15Marks

Q5 A) Explain the Procedure of determination of insurance claim.

(8 Marks)

Q5 B) List of five special function key combinations and their functionality.

(7 Marks)

OR

Q5. Short Notes: (any three)

15Marks

a. Average Clause.

b. Memorandum Trading Account.

c. Redemption of preference shares.

d. List the steps for entering the purchase order in Tally.

e. Redemption by conversion.

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