

**925**

**April 2024**

*Time - Three hours  
(Maximum Marks: 100)*

**PART - A**

[Marks: 5 x 5 = 25]

[Note: Answer any FIVE Questions.]

- 15 Moon Star Co. Ltd., is a company with authorized capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each. On 31.12.2022 of which 2500 shares were fully called up. The following is the trial balance as on 31.12.2022.

Debit balances	Rs.	Credit balances	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and loss a/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (upto 31.01.2023)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare profit and loss a/c and balance sheet as on 31.12.2022 after taking into account the following adjustments.

- (i) Closing stock was valued at Rs. 1,91,500.
- (ii) Depreciated plant by 15% and furniture by 10%.
- (iii) Provide for income tax Rs. 8,000.
- (iv) The directors declared on interim dividend 15.08.2022 at 6%.

1. Distinguish between debentures and shares.
2. State the provisions of redemption of preference shares.
3. XYZ Ltd. invited applications for 20,000 shares of Rs. 100 each payable as follows:  
On application Rs. 25 per share  
On allotment Rs. 35 per share  
On first call Rs. 40 per share  
The issue is fully subscribed. Pass journal entries in the books of XYZ Ltd.
4. The following is the balance sheet of ABC Co Ltd, as on 31<sup>st</sup> Dec. 2021.

Particulars	Rs.
Share capital 2,00,000 Equity shares of Rs. 10 each	20,00,000
3,00,000 6% Redeemable Preference Shares of Rs. 10 each	30,00,000
Capital reserve	15,00,000
General reserve	9,00,000
Profit and loss a/c	25,50,000

On the above date, the preference shares were redeemed. You are required to pass journal entries.

5. MKN limited issues 1000, 6% debentures of Rs. 100 each. Give journal entries in each of the following cases :  
(i) The debentures are issued and redeemed at par.  
(ii) They are issued at a discount of 6% but redeemable at par.  
(iii) They are issued at a premium of 5% but redeemable at par.
6. From the following details, calculate profit before and after incorporation.  
(i) Time ratio 3:4  
(ii) Sales ratio 2:3  
(iii) Gross profit Rs. 5,00,000  
(iv) Expenses :

	Rs.
Salary	96,000
Discount	40,000
Rent	15,000
General expenses	12,000
Advertisements	50,000
Director fees	18,000

7. From the following particulars of Ganga limited. Calculate the managerial remuneration assuming there are two whole time directors, a part time director and a manager.  
 Net profit before provision for income tax and managerial remuneration but after depreciation Rs. 8,70,410  
 Depreciation provided in the books Rs. 3,10,000  
 Depreciation allowable under schedule XIV Rs. 2,60,000.
8. Explain the calculation of managerial remuneration.

**PART – B**

[Marks: 5 x 15 = 75]

[Note: Answer any FIVE Questions.]

9. Explain the different kinds of share capital.
10. Discuss the steps involved in ascertaining pre and post incorporation profits.
11. 'A' Ltd, invited applications for 10,000 shares of Rs. 100 each at a discount of 5% (Rs.5) payable as follows :  
 On application Rs.25  
 On allotment Rs.34  
 On first and final call Rs.36.  
 Applications were received for 9,000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were reissued @ Rs.90 as fully paid. Show necessary journal entries.
12. The balance sheet of 'X' Ltd on 31<sup>st</sup> Dec 2017 was as follows :

Liabilities	Rs.	Assets	Rs.
Share capital : 2000, 9% Redeemable Preference Shares of Rs. 100 each fully paid	2,00,000	Sundry assets	9,80,000
80,000 Equity Shares of Rs. 10 each fully paid	8,00,000	Cash at bank	4,20,000
Profit and Loss Account	2,60,000		
Creditors	1,40,000		
	14,00,000		14,00,000

On the above date, the preference shares were redeemed at a premium of 10%. You are required to pass journal entries and give the amended balance sheet.

13. On 01.01.2014 Debentures of the face value of Rs.75,000 were issued at par, repayable at par at the end of 5 years. In terms of the trust deed, sinking fund was to be created for the purpose of accumulating sufficient funds. Investments were made yielding 5 % interest at the end of each year. All investments including reinvestment of interest received were made at the end of the year.  
 It is ascertained that Rs 2.71462 invested at the end of each year at 5 % compound interest will amount to Rs.15 at the end of 5 years.  
 You are required to show for all the 5 years  
 (i) Sinking Fund account  
 (ii) Sinking Fund Investment account
14. XYZ Ltd. was incorporated on 01.08.2018. It took over the business of a partnership firm with effect from 1<sup>st</sup> April 2018. From the following particulars relating to the year ended 31<sup>st</sup> March 2019, ascertain profits prior to incorporation and profits after incorporation.  
 (i) Sales for the year were Rs. 60,00,000 of which sales upto 01.08.2018 were Rs. 25,00,000.  
 (ii) Gross profit for the year was Rs. 18, 00,000.  
 (iii) The expenses debited to P/L a/c were :

particulars	Rs.
Rent	90,000
Salaries	1,50,000
Directors Fees	38,000
Interest on debenture	60,000
Audit fees	15,000
Discount on sales	36,000
Bad debts	15,000
Depreciation	2,40,000
General Expenses	48,000
Advertising	1,80,000
Printing	36,000
Commission on sales	60,000
Interest to vendors on purchase consideration upto 01.10.2018	30,000

Rs. 5,000 of bad debts mentioned above relate to debts created prior to incorporation.

[Turn over...]