



Date: 23-10-2018  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**Part – A**

**Answer all Questions:**

**(10 x 2 = 20 Marks)**

1. How Non Current Assets are classified?
2. Give a Short Note on shareholders' fund.
3. State the objectives of Cash Flow Statement.
4. What do you understand by 'Cash from operation'?
5. What is underwriting? What is the need for it?
6. Write a note on 'Firm underwriting'
7. PR Ltd., issued 50000 equity shares of Rs. 10 each in order to utilize the process to redeem 80,000 12% preference shares of Rs.10 each. The balance amount required for redemption has been adjusted in Reserve Fund being Rs.4, 00,000. Journalise.
8. Pass Journal entry for the issue of debentures at a discount and redeemable at a premium.
9. Write a note on Rights Issue of Equity shares?
10. Rajan a small scale industrialist decided to convert his firm into a limited company with effect from 1<sup>st</sup> Aril 1996. But he obtained the certificate of incorporation on 1<sup>st</sup> August 1996 and the certificate to Commence business on 1<sup>st</sup> October 1996. His accounts were closed on 31<sup>st</sup> December 1996.

Find out the time ratio for the purpose of ascertaining pre-incorporation profits.

**Part – B**

**Answer any Four Questions**

**(4x10=40 Marks)**

11. The following ledger balances were extracted from the books of Varun Ltd., as on 31-12-2013:  
Land & Building Rs.2,00,000; 12% Debentures Rs.2,00,000; Share capital Rs.10,00,000 (equity shares of Rs.10 fully paid up); Plant & Machinery Rs.8,00,000; Goodwill Rs.2,00,000; Investment in shares of Raja Ltd., Rs.2,00,000; General Reserve Rs.1,95,000; Stock in trade Rs.1,00,000; Bills receivable Rs.50,000; Debtors Rs.1,50,000; Creditors Rs.1,00,000; Bank loan (unsecured) Rs.1,00,000; provision for tax Rs.50,000; proposed dividend Rs.55,000.  
Prepare the Balance sheet of the company as per Revised Schedule VI, Part I of the Companies Act 1956.
12. What are the advantages and limitation of Cash Flow Statement?
13. Give the format of Statement of profit and loss as per Revised Schedule VI.
14. What are the different types of underwriting?

15. M Ltd was incorporated on 1 / 7 / 94 which took over a running concern with effect from 1 / 1 / 94. The sales for the period up to 1 / 7 / 94 was Rs. 2,70,000 and sales from 1 / 7 / 94 to 31 / 12 / 94 amounted to Rs 3,30,000 . The expenses debited to profit and loss a/c included :

Directors' fee	15,000
Bad debts	1,800
Advertisement (Rs 500 p.m)	6,000
Salaries and general expenses	32,000
Preliminary expenses written off	3,000
Gross profit was (1 / 1 / 94 to 31 / 12 / 94)	2,40,000

Ascertain the profit prior to incorporation.

16. Pallav Ltd has a share capital of 50,000 equity shares of Rs.100 each. Market value is Rs.250 per share. The company decides to make a rights issue to the existing shareholders in proportion of one new rights shares of Rs.100 at a premium of Rs.30 per share for every 5 shares held on that date. Calculate the value of right share.

17. Determine the amount of fresh issue of shares from the information given below relating to K.K. Ltd.,:

Redeemable preference shares	Rs.60,000
Premium on redemption	5%
Profit and loss A/c balance	Rs.20,000
General reserve balance	Rs.14,000
Securities premium A/c	Rs.2,000
Fresh issue is to be made at a discount of 10%	

### Part – C

Answer any Two Questions

(2x20=40 Marks)

18. MeenakshiLtd has an issued share capital of 650 7% Redeemable preferences shares of Rs.100 each and 4,500 Equity shares of Rs.50 each . The Preferences shares are Redeemable at a premium of 7 ½ % on April 1<sup>st</sup> 1992

The company's Balance Sheet as on March 31<sup>st</sup> 1992 was as follows.

Liabilities		Assets	
Share capital :			
Issued 650 7% Redeemable preference		Fixed assets	3,45,000
Shares of Rs.100 each fully paid	65,000	Investments	18,500
4,500 Equity shares of		Balance at bank	31,000
Rs.50 each fully paid	2, 25,000		
Profit & Loss A/c	48,000		
Sundry creditors	56,500		
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	3,94,500		3,94,500
	=====		=====

In order to facilitate the redemption of preference shares, the company decided:

(i) To sell all its Investments for Rs.16, 000

(ii) To finance part of the redemption from company funds, subject to leaving a Balance of Rs.12,000 in the Profit and Loss accounts and

(iii) To issue sufficient Equity shares of Rs.50 each at a premium of Rs.13 per share to raise the balance of funds required.

The Preference shares were redeemed on the due date and the issue of Equity shares was fully subscribed.

You are required to prepare

(a) The necessary journal entries to record the above transactions (including cash) and (b) The balance sheet after completion of the redemption.

19.Moon and Star Co Ltd., is a company. The following are the balances extracted from the ledger as on 31-12-1985.

<b>Trial balances</b>			
<b>Debit</b>		<b>Credit</b>	
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and loss	6,220
Discount allowed	4,200	Creditor	35,200
Insurance (upto 31-3-86)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses printing	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		

You are required to prepare profit and loss account for the year ended 31-12-1985 and a balance sheet as on that date. The following further information is given.

(a) Closing stock was valued at Rs.1,91,500

(b) Depreciation on plant at 15% and on furniture at 10% should be provided

(c) A tax provision of Rs.8,000 is considered necessary

(d) The directors declared an interim dividend on 15-8-85 for 6 months ending June 30, 1985 @6 %

(e) Provide corporate dividend tax @ 17%

**20.** From the balance sheets of XYZ Ltd., Prepare a Cash Flow Statement

Liabilities	2005	2006	Assets	2005	2006
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Pref. Share capital	1,50,000	1,00,000	Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and loss a/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	B/R	20,000	30,000
Bills payable	20,000	16,000	Cash	15,000	10,000
Provision for taxation	40,000	50,000	Bank	10,000	8,000
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	6,77,000	8,17,000		6,77,000	8,17,000
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**Additional information**

- Depreciation on plant Rs.10,000 and on building was Rs.20,000 charged during the year
- An interim dividend of Rs.20,000 has been paid in 2006
- Income tax Rs.35,000 was paid during 2006.

**21.** What are the conditions for buy back of shares?

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