



Date: 08-11-2024

Dept. No.

Max. : 100 Marks

Time: 09:00 am-12:00 pm

SECTION - A

Answer Any FOUR of the following

4 x 10 = 40 Marks

1. Calculate the managerial remuneration from the following particulars of Ankit & Co. Limited due to the managing director of the company at the rate of 5% of the profits. Also determine the excess remuneration if any:

Particulars	Amount
Net Profit	2,00,000
Net profit is calculated after considering the following:	
Depreciation	40,000
Preliminary Expenses	10,000
Tax Provisions	3,10,000
Director's fees	8,000
Bonus	15,000
Profit on sale of fixed assets (original cost Rs 20,000; WDV – Rs. 11,000)	15,500
Provision for doubtful debts	9,000
Scientific Research Expenditure (for setting up new machinery)	20,000
Managing director's remuneration paid	30,000
Other Information:	
(i). Depreciation allowable under income tax rules	35,000
(ii). Bonus liability as per payment of Bonus Act 1965	18,000

2. Write the advantages and limitation of Cash Flow Statement.
3. A' co has an authorized capital of Rs 50 each. The company issued for subscription 50,000 shares at a premium of Rs 10 each. The entire issue was underwritten as follows.
- X-30,000 shares (firm underwriting 5,000 shares)
 - Y-15,000 shares (firm underwriting 2,000 shares)
 - Z-5,000 shares (firm underwriting 1,000 shares)

Out of the total issue 45,000 shares including firm under writing were subscribed. The following were the marked forms:

X-16,000 shares; Y-10,000 shares; Z-4,000 shares

Calculate the liability of each underwriter treating the "Firm as unmarked".

4. Explain the concept a) debenture redemption reserve b) Capital Profit and c) Revenue Profit.

5. From the following particulars, ascertain profit prior to and after incorporation

- (a) Time ratio - 3:5
- (b) Sales ratio – 4:6
- (c) Gross profit – Rs. 10,00,000
- (d) Expenses debited to profit and loss a/c were:

Salaries	96,000
General expenses	12,000
Discount on sales	40,000
Advertisement	50,000
Preliminary expenses	70,000
Rent and rates	15,000
Printing and stationary	65,000

(c) Incomes credited to profit and loss account were:

Rent received	18,000
Interest received	50,000

6. From the following P & L A/c you are required to compute cash from operating activities.

Profit and Loss A/c for the year ending 31.12.2006

Particulars	Amount	Particulars	Amount
To salaries	5,000	By gross profit	25,000
To rent	1,000	By profit on sale of land	5,000
To depreciation	2,000	By income tax refund	3,000
To loss on sale of plant	1,000		
To goodwill written off	4,000		
To proposed dividend	5,000		
To provision for taxation	5,000		
To net profit	10,000		
	33,000		33,000

7. Explain the concept of buy back of shares.

8. Write the format of balance sheet.

SECTION - B

Answer ANY THREE of the following

3 x 20 = 60 Marks

9. Moon and Star Co. Ltd is a company with an authorised capital of Rs 5,00,000 divided into 5,000 equity shares of Rs 100 each on 31.12.2016 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12. 2016.

Trial Balance of Moon and Star Co. Ltd.

Debit	Amount	Credit	Amount
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 31.3.2017)	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		
Advertisement	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	5000		
Total	6,60,270	Total	6,60,270

You are required to prepare statement of Profit and Loss for the year ended 31.12.2016 and a balance sheet as on that date. The following further information is given:

1. Closing stock was valued at Rs 1,91,500
2. Depreciation on plant at 15% and on furniture at 10% should be provided.
3. A tax provision of Rs 8,000 is considered necessary.

The directors declared an interim dividend on 15.08.2016 for 6 months ending June 30, 2016 at 6%.

10. Explain the redemption of preference shares in detail.

11. Explain the different types of underwriting.

12. Mukesh and Co. Limited was registered on 01-01-1999 to buy the business of M/s. Mukesh Bros., as on 01-10-1998 and obtained the certificate of commencement of business on 01-02-1999. The accounts of the company for the period of 12 months ended on 30-09-1999 disclosed the net profit of Rs. 1,25,000 after having charged the following amounts:

Salary : Rs. 30,000 (there were four employees in the pre incorporation period and seven in the post incorporation period.)

Wages : Rs. 10,920 (there were four workers in the pre incorporation. And the five in the post incorporation. And the rate of wages were Rs. 160 and Rs. 200 p.m. per worker in pre and post incorporation periods respectively)

Sales : Rs. 4,80,000 of which Rs. 80,000 related to pre incorporation period.

Director fees : Rs. 16,000.

You are required to calculate profits for pre and post incorporation periods separately.

13. Explain the process of cash flow statement.

14. From the following statement prepare a cash flow statement.

Liabilities	1987 (Rs.)	1988 (Rs.)	Assets	1987 (Rs.)	1988 (Rs.)
Share Capital	3,00,000	3,50,000	Fixed Assets	5,10,000	6,20,000
8% debentures	1,00,000	2,00,000	Discount on debentures	10,000	5,000
Reserves	80,000	1,00,000	Debtors	40,000	75,000
Creditors	70,000	50,000	Stock	30,000	1,00,000
Bills Payable	50,000	60,000	Bank	10,000	-
Bank overdraft	-	40,000			
	6,00,000	8,00,000		6,00,000	8,00,000

Additional Information:

(a) Provision for depreciation was on 31-12-87 Rs. 1,50,000 and on 31-12-88 Rs. 1,90,000.

(b) A machine costing Rs. 70,000 (Depreciation written off Rs. 30,000) was sold for Rs. 25,000.

(c) Dividend paid was Rs. 30,000.

@@@@@@