

DB-122**December-2018****SY M.B.A. Integrated, Sem.-III****Advanced Financial Accounting-I****Time : 2:30 Hours]****[Max. Marks : 70**

1. Jay Co. Ltd. issued 10,00,000 Equity shares of ₹ 10 each at a premium of ₹ 2 per share. Amount payable was as under : **14**

	₹
On Application	2
On Allotment	6 (including premium)
On Calls	4

Applications were received for 15,00,000 shares of which applications for 1,00,000 shares were rejected. Allotment was made pro-rata to the remaining applicants. The excess application money was to be credited to allotment money.

Mehul, to whom 3,000 shares were allotted failed to pay allotment money, So his shares were forfeited before calls collected.

Mukesh who applied for 7,000 shares failed to pay Calls. So his shares were forfeited after calls.

Out of the above forfeited shares, 5,500 shares were issued at ₹ 8 per share, which includes all forfeited shares of Mehul.

Pass necessary Journal Entries in the books of Jay Co. Ltd.

2. The following are the balances as on 31-03-2018 extracted from the books of Mohan Ltd : **14**

	₹
12% Debentures	12,00,000
Debenture Redemption Fund	9,00,000
Debenture Redemption Fund Investments	9,00,000
Interest on Deb. Red. Fund Investments	90,000
Discount on Debentures	1,20,000

On the above date, the investments worth ₹ 7,50,000 were sold at a loss of 10% to redeem 50% debentures at 10% premium.

The Company transfers ₹ 1,50,000 every year to debenture redemption fund account. The Company has also purchased 8% Central Government loan of ₹ 1,50,000 at 2% premium.

Prepare following accounts in the books of the Company :

- (1) 12% Debentures Account.
- (2) Debenture Redemption Fund Account.
- (3) Debenture Redemption Fund Investments Account.
- (4) Discount on Debentures Account.

OR

- (A) Difference between Shares & Debentures. **8**
- (B) Write a note on: Debentures issued as Collateral Security. **6**

3. Vinod Ltd. issued 1,40,000 equity shares of ₹ 10 each, which were underwritten by three underwriters as under : 14
- A 70,000 Shares
B 42,000 Shares
C 28,000 Shares

In addition, there was firm underwriting as under:

- A 7,000 Shares
B 3,500 Shares
C 10,500 Shares

The company received applications for 1,06,400 shares including firm underwriting and number of marked forms were as under :

- A 21,000 Shares
B 31,500 Shares
C 11,900 Shares

Show the liability of each underwriters, if –

- (1) No credit is given for firm underwriting.
(2) Credit is given for firm underwriting.

OR

What are the provisions in the Companies Act for buy-back of its own shares ?

4. The XYZ Co. Ltd. was registered with an authorized capital of ₹ 20,00,000 divided into shares of ₹ 10 each. The following is the trial balance on 31-3-2018 : 14

	Dr.	Cr.
Stock(1-4-17)	3,72,840	–
Sales & Purchase Return	25,360	19,700
Sundry Manufacturing Expenses	38,480	–
18% Bank Loan (Secured)	–	1,00,000
Office Salaries & Expenses	35,740	–
Directors Remuneration	52,500	–
Freehold Premises	3,28,420	–
Furniture	10,000	–
Debtors & Creditors	2,10,800	1,24,440
Cash at Bank	1,93,720	-
Profit & Loss A/c(1-4- 17)	–	77,280
Share Capital	–	8,00,000
Purchase & Sales	14,36,420	23,39,800
Manufacturing Wages	2,19,480	–
Carriage Inwards	9,820	–
Interest on Bank Loan	9,000	–
Auditor's Fees	17,200	–
Preliminary Expenses	12,000	–
Plant & Machinery	2,56,800	–
Loose Tools	25,000	–
Cash in Hand	39,060	–
Advance Payment of Tax	1,68,580	–
	34,61,220	34,61,220

You are required to prepare profit & loss account for the year ended 31-03-2018 and a balance sheet as at that date after taking into consideration the following adjustments :

- (1) On 31-03-2018 outstanding manufacturing wages and outstanding office salaries stood at ₹ 3,780 and ₹ 2,400 respectively.
- (2) On the same date stock was valued at ₹ 2,49,680 and loose at ₹ 20,000.
- (3) Provide for interest on bank loan for 6 months.
- (4) Depreciation on plant and machinery is to be provided @ 15% while on office furniture it is to be @ 10%.
- (5) Write off one third of balance of preliminary expenses.
- (6) Make a provision for income tax @ 50%.
- (7) The directors recommended dividend @ 15% for the year ending 31-03-2018 after a transfer of 5% of net profits to general reserve.
- (8) Corporate dividend tax rate on dividend is 17%.

OR

- (A) Prepare a Balance Sheet of a Company using imaginary figures in accordance with the Companies Act, 2013. 7
- (B) Parth Ltd., had following Balances on 31st March, 2018 : 7

Particulars	Debit ₹	Credit ₹
Provision for Income tax (1-4-2017)	—	3,00,000
Income tax paid for previous year	2,88,000	—

Income tax liability for previous year was fixed at ₹ 3,12,000. Income tax provision for the current year is to be made for ₹ 3,60,000.

How would you show the above information in Company's Final Accounts ?

5. Following is the Balance Sheet of the firm of M/s. Shah Brothers as on 31-03-2017 : 14

Balance Sheet

Liabilities	₹	Assets	₹
Capital:		Buildings	3,00,000
A 2,50,000		Machineries	2,00,000
B <u>1,75,000</u>	4,25,000	Furniture	50,000
General Reserve	1,00,000	Investments	
Worker's Accident		(Market Value ₹ 40,000)	35,000
Compensation Fund	20,000	Debtors 63,000	
10% Bank Loan	1,00,000	—Bad debts <u>3,000</u>	60,000
Worker's Profit		Stock	50,000
Sharing Fund	10,000	Cash-Bank	50,000
Provident Fund	50,000		
Creditors	30,000		
Bills Payable	10,000		
	7,45,000		7,45,000

Sagar Limited was established with the purpose of purchasing the above business of the firm. Following were the terms of purchase of business :

- (1) Authorised share capital of the company consists of 50,000 equity shares of ₹ 10 each.
- (2) Company will take all assets and liabilities of the firm other than debtors and creditors on following conditions :
 - (a) Company will collect funds from debtors and will pay the creditors of the firm on behalf of the firm, against which company will get 5% commission on amount collected from debtors and 2% on the amount paid to creditors.
 - (b) Goodwill of the firm was valued at ₹ 50,000, Buildings at ₹ 4,00,000, Machineries were revalued at 20% less than book value, Furniture was valued at 50%, Investments were valued at market value. Stock at ₹ 40,000. Firm will keep 50% of cash and bank balance with it.
 - (c) Against purchase consideration, company will issue 35,000 equity shares at 10% premium and 12% preference shares of ₹ 1,50,000 and remaining amount will be paid in cash.

Additional Information :

- (1) While collecting from debtors bad debt amounted to ₹ 5,000, ₹ 5,000 are still outstanding from debtors, remaining debtors paid their due at 5% discount. Creditors were paid at 5% discount. Company settled the account by paying cash.
- (2) Company issued remaining equity shares at par. Company could collect all money in time.

Pass necessary entries in the books of company and prepare Balance Sheet.
