

Duration : 2.5 Hours

Maximum Marks : 75

Note – All questions are compulsory with internal choice.

Q1A. Multiple Choice Questions (any 8)

(08)

- 1) Which of the following should be deducted from the share capital to find out paid-up capital?
  - a) Call in advance
  - b) Call in arrears
  - c) Security Premium
  - d) Bonus
  
- 2) Dividend are usually paid on
  - a) Authorized capital
  - b) Issued Capital
  - c) Paid up Capital
  - d) Reserve Capital
  
- 3) Which of the following is not classified as inventory in the financial statements?
  - a) Finished Goods
  - b) Work in Progress
  - c) Stores & Spares
  - d) Advance payment made to suppliers for raw materials
  
- 4) If the whole of the issue of shares or debentures is underwritten it is known as
  - a) Partial underwriting
  - b) Sole underwriting
  - c) Complete or Full underwriting
  - d) None of the above
  
- 5) If a part of the issue of shares or debentures is underwritten, it is termed as
  - a) Partial underwriting
  - b) Complete underwriting
  - c) Firm underwriting
  - d) None of the above
  
- 6) The mean of the exchange rates in force during a period is known as
  - a) Average rate
  - b) Closing rate
  - c) Reporting rate
  - d) Fair rate
  
- 7) The exchange rate at the balance sheet date is known as
  - a) Average rate
  - b) Closing rate
  - c) Non-Monetary rate
  - d) Monetary rate

- 8) Following is not a fixed income bearing security
- Debentures
  - Equity Shares
  - Preference Shares
  - Government Security
- 9) Interest is always calculated on the
- Market Value of the security
  - Nominal value of the security
  - Book Value of the security
  - Weighted average cost of the security
- 10) Interest on bonds accrues
- On the last day of the financial year
  - On due dates fixed in advance
  - On the date fixed by board resolution
  - As declared by the company in the beginning of every financial year.

Q1B. State whether following statements are true or false (any 7)

(07)

- Dividend can be paid out of capital, but interest cannot be paid out of capital.
- Future bad debts are usually estimated as percentage of debtors.
- Trade Receivable are always shown under current assets.
- Shareholders funds are always non-current
- Capital profit realized in cash can be used for paying dividend.
- The underwriting commission is payable in cash
- Unmarked applications are known as direct applications.
- Inventories is a non-monetary item.
- Foreign currency is a currency other than the Indian rupee.
- Interest is always calculated on Market Value of the security.

Q.2 A) Ajay Ltd. Issued 50,00,000 equity shares of Rs.10 each . The whole issue was underwritten by A, B and C as below:

(08)

- |   |                  |
|---|------------------|
| A | 15,00,000 shares |
| B | 25,00,000 shares |
| C | 10,00,000 shares |

Applications were received for 48,50,000 shares of which the marked applications were as follow :

- |   |                  |
|---|------------------|
| A | 12,00,000 shares |
| B | 25,00,000 shares |
| C | 8,50,000 shares  |

Calculate the number of shares to be taken up by the underwriters. Unmarked applications are to be distributed amongst the underwriters in the ratio of their gross liability.

Q,2 B) Pooja Ltd. Of Mumbai sold goods worth \$ 10,00,000 to Utkarsha Ltd. Of America on 31<sup>st</sup> January 2014. (07)

Amounts were received from Utkarsha Ltd. As follows :

Date	\$
01-02-2014	4,00,000
01-03-2014	1,00,000
30-03-2014	5,00,000

Accounts are closed on 31<sup>st</sup> march every year. Exchange rates of \$ 1:

31-01-2014	Rs. 61
01-02-2014	Rs. 60
01-03-2014	Rs. 62
30-03-2014	Rs.58

Pass Journal entries in the books of Pooja Ltd. For the year ended 31<sup>st</sup> march 2014.

OR

Q2.C) Following is the trial balance of Supriya Ltd. As on 31<sup>st</sup> march 2017. (15)

Particulars	Dr. Rs.	Cr.Rs.
Cash in hand	39,000	
Cash at bank	68,600	
Share capital		18,40,000
9% Debentures		6,00,000
Bank Overdraft(Union Bank)		4,00,000
Investments (Long Term)	20,000	
Bills Receivables –Trade	2,80,000	
Sundry Debtors	11,00,000	
Sundry Creditors		4,80,000
Security Deposit(Long Term)	8,000	
Profit and loss account		5,80,000
Security Premium		1,80,000
Interest on Debentures accrued and due		13,500
Goodwill	1,30,000	
Land and Building(Cost Rs. 5,00,000)	3,80,000	
Plant and machinery(Cost Rs.10,00,000)	6,00,000	
Furniture(Cost Rs.1,60,000)	90,000	
Provisions for taxation		2,41,000
Advance Tax	2,00,000	
Bills Payable		60,000
General Reserve		2,00,000
Stock in Trade	16,98,900	
Capital Reserve		20,000
<b>Total</b>	<b>46,14,500</b>	<b>46,14,500</b>

Additional Information:

- The Authorized share capital of the company was Rs. 60,00,000 divided into 6,00,000 equity shares of Rs. 10 each.
- The sundry Debtors, which are all unsecured and considered good, include Rs. 1,80,000 for more than 6 months.

- c) Investments represent 5,000 equity shares in X Ltd. of Rs. 10 each, Rs. 4 per share called and paid up.  
 d) Bills Receivable discounted with the bank not matured till the balance sheet date, amounted to Rs. 15,000.

You are required to prepare balance sheet of Supriya Ltd. As on 31<sup>st</sup> march 2017. As per provisions of the companies Act. Ignore previous year figures.

Q.3 A) On 1<sup>st</sup> April 2010 Shyam had 50,000 equity shares in A Ltd. The face value of the shares were Rs. 10 each but their book value was Rs. 24 per share.  
 On 2<sup>nd</sup> June 2010 Shyam purchased 10,000 equity shares in A Ltd. At a premium of Rs. 6 per share.  
 On 1<sup>st</sup> July 2010 The Directors of A Ltd. Issued bonus shares at the rate of one share for every three shares held.  
 On 1<sup>st</sup> January 2011 Shyam purchased 5,000 right shares in A Ltd. Of Rs. 10 each at Rs. 15 per share.  
 On 31<sup>st</sup> January 2011 he sold 20,000 equity shares in A Ltd. Of Rs. 10 each at Rs. 30 per shares.  
 Show investment account as it would appear in Shyam's books for the year ended 31<sup>st</sup> march 2011. (07)

Q.3 B) Raj Ltd. Issued 50,000, 9% preference shares of Rs.10 each. 75 % of the issue was underwritten by Suraj.

In addition there is a firm underwriting of 5,000 shares from Suraj. In all the company received applications for 42,000 shares. 30,000 share applications had the seal of Mr. Suraj. Determine the liability of Mr. Suraj. Firm underwriting applications to be treated like marked applications. Ascertain the respective liabilities of the underwriter and the company. (08)

OR

Q3.C) On 1<sup>st</sup> January 2013. David Ltd. An Indian importer, purchased 2,50,000 worth goods from Komal Trading company of USA. (15)

The payment for the import was made as follows:

On 10 <sup>th</sup> February 2013	-	\$	1,00,000
On 15 <sup>th</sup> March 2013	-	\$	75,000
On 20 <sup>th</sup> April 2013	-	\$	75,000

David Ltd. Closes its books on 31<sup>st</sup> March every year.

The exchange rate for \$ 1 was follows:

1 <sup>st</sup> January 2013	-	Rs.	49.00
10 <sup>th</sup> February 2013	-	Rs.	49.50
15 <sup>th</sup> March 2013	-	Rs.	47.60
31 <sup>st</sup> March 2013	-	Rs.	45.00
20 <sup>th</sup> April 2013	-	Rs.	46.75

- 1) Pass journal entries.
- 2) Prepare Komal Trading Company account and foreign exchange fluctuation account in the books of David Ltd.

Q.4 A) From the following trial balance of Amol Ltd. Prepare the balance sheet of the company as on 31<sup>st</sup> march 2017 as per the companies Act. (07)

Trial balance as on 31<sup>st</sup> march 2017

Debit	Rs.	Credit	Rs.
Advances to Employees	3,00,000	Equity share Capital	52,00,000
Cash at bank	3,14,320	Capital Reserve	60,000
Furniture and fixture	7,50,000	Loan from SBI	8,00,000
Premises	41,09,940	Provision for Employees Welfare Fund	6,00,000
Paternts	10,00,000	Provision for Expenses	1,64,000
Expenses on issue of shares(unwritten off)	25,000	Short term loan from bank	4,90,200
Trade receivables	3,66,240	Unpaid Dividend	64,800
Advance Tax	50,000	Profit and loss A/C	42,980
8% Government Bonds	3,36,000	Bills Payable	85,100
Stock in Trade	3,55,600	Sundry Creditors	1,00,020
	76,07,100		76,07,100

Q.4 B) Manisha Ltd. Has authorized capital of Rs.25,00,000 divided into 1,00,000 equity shares of Rs. 25 each. The company issued for the subscription 25,000 shares at a premium of Rs. 10 each . The entire issue was underwritten as follows:

- A - 15,000 shares (firm underwriting - 2,500 shares)
- B - 7,500 shares (firm underwriting - 1,000 shares)
- C - 2,500 shares (firm underwriting - 500 shares)

Out of the total issue 22,500 shares including firm underwriting per subscribed.

The following were the marked forms:

- A- 8,000 shares
- B- 5,000 shares
- C- 2,000 shares

Calculate the liability of each underwriter. (08)

OR

Q.4 C) On 1<sup>st</sup> April 2012 Mr. Kailas held 500, 6% Central Government Bonds of Rs.100 each at a cost of Rs. 48,000. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> Decèmber every year. He entered into following transactions in respect of 6% Central Government Bonds during the Year ending on 31<sup>st</sup> march 2013.

Purchases :

- A) On 1<sup>st</sup> may 2012, face value of Rs. 10,000 at Rs. 102 cum-interest.
- B) On 1<sup>st</sup> September 2012, face value of Rs. 30,000 at Rs. 105 ex-interest.

Sales:

- A) On 1<sup>st</sup> august 2012, face value of Rs. 15,000 at Rs. 104 cum-interest.
- B) : On 1<sup>st</sup> February 2013, face value of Rs. 15,000 at Rs. 102 ex-interest.

Show 6% Central Government Bonds Account in the books of Mr. Kailas for the year ended 31<sup>st</sup> march 2013. (Investments are to be valued at Weighted Average Cost.) (15)

Q.5) a) What does the Accounting Profession mean by Ethical Behavior? (7)

Q.5) b) Explain the types of Underwriting. (8)

OR

Q.5) c) Write a Short notes (Any Three) (15)

i) Schedule III

ii) Fundamental of Principles

iii) Corporate Governance

iv) Company code of Ethics

v) Conflict of Interest