

Q-1 The Balance sheet of Mahisagar Limited as on 31st March 2015 was as under;

(15)

| Liabilities | Rs. | Assets | Rs. |
|--|----------|------------------------|----------|
| Issued & Subscribed Share Capital: | | Fixed Assets: | |
| 15,000 Equity Shares of Rs. 10 each fully paid | 1,50,000 | Land & Building | 80,000 |
| 6000, 6% Redeemable Preference Shares Rs. 10 each fully paid | 60,000 | Plant & Machinery | 60,000 |
| Profit & Loss Account | 83,000 | Furniture | 10,000 |
| Creditors | 25,000 | Current Assets: | |
| Bills Payable | 17,000 | Stock | 75,000 |
| | 3,35,000 | Debtors | 30,000 |
| | | Bank Balance | 80,000 |
| | | | 3,35,000 |

Under the terms of redemption of, Redeemable Preference Shares were to be redeemed at a premium of 5%. For the purpose of redemption 2,000 5% Preference Shares of Rs. 10 each were issued at a premium of Rs. 5 per share and were fully paid.

On 1st April, 2015 6% Redeemable Preference Shares were redeemed but there is no trace in respect of 20 preference shares. Bonus issue of one equity share for every 10 equity shares was made on that date. Pass necessary journal entries in respect of above transactions and prepare Cash Account and Revised Balance Sheet.

OR

- Q-1 (A) Discuss the guidelines for issue of Bonus shares. Also state the sources for issue of bonus shares. (07)
- (B) Calculate the amount to be transferred to Capital Redemption Reserve Account in each of the following cases; (08)

| Redeemable Preference shares | Fresh issue of Shares |
|--|--|
| 1. Rs. 10,00,000 to be redeemed at par | 1. Rs. 6,00,000 at par |
| 2. Rs. 10,00,000 redeemable at a premium of 5% | 2. Rs. 6,00,000 at par |
| 3. Rs. 10,00,000 redeemable at par | 3. Rs. 6,00,000 redeemable at 10% premium |
| 4. Rs. 10,00,000 redeemable at par | 4. Rs. 6,00,000 redeemable at 10% Discount |
| 5. Rs. 10,00,000 redeemable at premium of 5% | 5. Rs. 6,00,000 redeemable at 10% premium |

- Q-2(A) On 1-1-2015 ABB Ltd. issue 6,000, 8% debenture of Rs. 100 each at a discount of 6%. Accounting year of the company ends on 31st December. The debenture were redeemed as under: (07)

| Date | Amount to Redeemed (Rs.) |
|------------|--------------------------|
| 31-12-2015 | 2,40,000 |
| 31-12-2016 | 1,80,000 |
| 31-12-2017 | 1,20,000 |
| 31-12-2018 | 60,000 |

Prepare debenture discount account in the books of the company.

- (B) Kavita Limited issued 10,000 12% Mortgage debentures of each of Rs. 100. Give journal entries at the time of issue and redemption of debentures in each of the following situations. (08)
- (a) The debentures are issued at par and redeemable at par.
- (b) The debentures are issued at par and redeemable with 5% premium.

- (c) The debentures are issued at 4% discount and redeemable with 5% premium.
 (d) The debentures are issued at 10% premium and redeemable at par.

OR

Q-2 On 30th June 2015 the following balances appears in the books of Shveta Limited; (15)

| | Rs. |
|---------------------------|----------|
| 10% Mortgage Debentures | 3,00,000 |
| Debenture Redemption Fund | 2,80,000 |
| Bank Balance | 60,000 |

Debenture Redemption Fund Investment:

| | |
|--------------------------------|----------|
| 6% Gujarat Govt. Loan (at par) | 1,00,000 |
| 5% RBI Bonds (at par) | 1,80,000 |

To redeem the debentures at 5% premium on 30th June 2015 the above investment were sold on the same day as under;

- 1) 6% Gujarat Govt. Loan – at par value
- 2) 5% RBI Bonds – at Rs. 95

The debentures were paid immediately after the selling of the securities. From the above information prepare;

- 1) 10% Mortgage Debentures Account
- 2) Debenture Redemption Premium Account
- 3) Debenture Holder's Account
- 4) Debenture Redemption Fund Account
- 5) Debenture Redemption Fund Investment Account
- 6) Bank Account

Q-3 (A) What is Ratio Analysis? Discuss the advantages and Limitations of Ratio Analysis. (07)

(B) Write note on: 1) Liquidity Ratios (08)
 2) Profitability Ratios

OR

Q-3 Following is the Balance sheet of Galaxy Limited. (15)

| Liabilities | 2013-14 | 2014-15 | Assets | 2013-14 | 2014-15 |
|----------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| Equity Share Capital | 3,00,000 | 3,50,000 | Building | 1,00,000 | 2,00,000 |
| General Reserve | 80,000 | 90,000 | Plant | 50,000 | 50,000 |
| 15% Debentures | 1,00,000 | 1,00,000 | Machineries | 1,00,000 | 50,000 |
| Creditors | 8,000 | 10,000 | Furniture | 50,000 | 50,000 |
| Bills Payable | 12,000 | 10,000 | Stock | 50,000 | 75,000 |
| Provident Fund | 10,000 | 5,000 | Debtors | 1,50,000 | 1,25,000 |
| Bank Overdraft | 20,000 | 25,000 | Bills Receivables | 10,000 | 15,000 |
| | | | Cash and Bank | 20,000 | 25,000 |
| | 5,30,000 | 5,90,000 | | 5,30,000 | 5,90,000 |

Additional Information:

| | 2013-14 | 2014-15 |
|---|----------|----------|
| Total Sales (Credit Sales 80%) | 5,00,000 | 6,25,000 |
| Gross Profit | 2,00,000 | 2,50,000 |
| Net Profit Before Interest & Tax (Tax rate – 50%) | 1,35,000 | 1,55,000 |
| Stock as on 1 st April 2013 | 30,000 | --- |

You are required to Calculate;

- 1) Gross Profit Ratio
- 2) Net Profit Ratio
- 3) Current Ratio
- 4) Debtor's Ratio (300 Days)
- 5) Stock Turnover Ratio
- 6) Return on Capital Employed

Q-4 Prepare the pro-forma schedules with imaginary figures for following heads;

(15)

- A) Share Capital
- B) Reserves and Surplus
- C) Fixed Assets

OR

Q-4 Following are the balances extracted on 31st March 2015 from the books of Wisdom Ltd.

| Debit Balance | Rs. | Credit Balances | Rs. |
|---|-----------------|-------------------------------|-----------------|
| Calls in arrears | 5,000 | Forfeited Shares A/C | 10,000 |
| Deposit with suppliers | 40,000 | Equity share Capital | 3,50,000 |
| Land & Buildings (Cost Rs. 4,00,000) | 3,00,000 | Capital Redemption Reserve | 50,000 |
| Plant (Cost Rs. 3,50,000) | 2,80,000 | Share premium A/C | 30,000 |
| Goodwill | 20,000 | P & L A/C | 10,000 |
| Equity shares of A Ltd | 24,000 | General reserve | 70,000 |
| Remittances in transit | 10,000 | Bank Loan (secured by stock) | 50,000 |
| Debtors | 70,000 | Interest accrued but not paid | 4,000 |
| Interest accrued on Investments | 15,000 | Unclaimed dividend | 5,000 |
| Closing stock | 75,000 | Proposed dividend | 36,000 |
| Loose tools | 5,000 | 15% Debentures | 1,00,000 |
| Furniture & fittings (cost Rs. 25,000) | 15,000 | Bad Debts Reserve | 5,000 |
| Cash and Bank | 25,000 | Creditors | 40,000 |
| Prepaid Insurance | 2,000 | Provision for taxation | 14,000 |
| Share issue expenses | 18,000 | Loan from subsidiary company | 20,000 |
| Equity share in subsidiary company (fully paid) | 60,000 | Bank overdraft | 50,000 |
| Store & spare parts | 10,000 | Dividend equalization fund | 40,000 |
| | | Outstanding expenses | 10,000 |
| | | Fixed deposit accepted | 80,000 |
| Total | 9,74,000 | Total | 9,74,000 |

After taking into account the following information you are required to prepare the Balance Sheet as on 31st March 2015 as per **Revised schedule VI.**

- Authorized capital of the Company consists of 1, 00,000 equity share of Rs. 10 each and 1,000, 10% Redeemable pref. share of Rs. 100 each.
- Of the issued and paid-up capital 500 Equity shares are allotted as fully paid up pursuant to Contract for consideration other than cash.
- Calls in arrears include Rs. 1000 from Directors
- During the year Rs. 10,000 and Rs. 5000 have been transferred to General Reserve and Dividend Equalization fund respectively.
- Sundry Debtors include Rs. 5000 for more than six months.
- During the year additions have been made to Buildings A/C Rs. 50,000 and to plant & machinery A/C Rs. 30,000.
- Bills Receivable for Rs. 10,000 maturing after 31st March 2015 have been discounted with the bank.

③