

Q.P. Code : 281402

(2 Hours)

[Total Marks : 60

- N.B. :** (1) Question No.1 and 2 are compulsory.
(2) Working notes shall be part of your answer.

1. A company issued for public subscription 80,000 equity shares of ₹ 10 each **15**
at a premium of ₹ 2 per share payable as under :

On application	₹ 2 per share,
On allotment	₹ 5 per share (including premium),
On first call	₹ 2 per share,
On second call	₹ 3 per share

Applications were received for 1,00,000 shares. Allotment was made pro-rata. Money overpaid on application was utilised towards sum due on allotment. Mr. Dave to whom 2,000 shares were allotted failed to pay money on allotment and two calls. These shares were subsequently forfeited after the second call was made. All the forfeited shares were sold to Mr. Rajwade as fully paid up at ₹ 8 per share. Show journal entries in the books of company.

2. (a) Fill in the blanks : **8**

1. Preference shares redeemable within _____ years can be issued.
2. _____ paid preference shares cannot be redeemed.
3. Sinking fund account shall always show a _____ balance.
4. Profit on cancellation of own debenture is _____ profit.
5. If the buy back is at a discount, the amount of discount is credited to _____ account.
6. Buy back of equity shares leads to _____ in the earnings per share.
7. Non-occupancy charges cannot exceed _____ % of service charges.
8. Loss on cancellation of own debentures is transferred to _____ account.

- (b) State whether the following statements are **True** or **False** : **7**

1. Interest on calls in advance is allowed @10%.
2. Forfeited shares cannot be issued at a premium.
3. A new company cannot issue shares at discount.
4. Share application account is a personal account.

TURN OVER

5. Capital redemption reserve amount can be utilised for writing off share issue expenses.
6. Debentures can be redeemed by payments in annual instalments.
7. Only fully paid equity shares can be bought back.

3. Following is the summary balance sheet of M Ltd. as on 31-3-2012 : 15

Liabilities	₹	Assets	₹
Share Capital :		Fixed assets	7,00,000
5,000 Equity shares of ₹100 each	5,00,000	Current assets	5,00,000
5,000 Preference shares of ₹100 each	5,00,000	Bank Balance	2,10,000
Security Premium	10,000		
Profit and Loss Account	60,000		
Capital Reserve	30,000		
Creditors	2,00,000		
Bills Payable	1,00,000		
Outstanding Expenses	10,000		
Total	14,10,000	Total	14,10,000

The company had issued 1,000 preference shares to raise funds for proposed buy-back. The amount is fully received and then company decided to buy-back 20% of its equity capital at 20% premium. Later on, company also issued 1,000 10% debentures of ₹100 each.

Pass journal entries and prepare the balance sheet of the company.

OR

TURN OVER

4. From the following Trial Balance as on 31-3-2015, prepare final accounts of **15** Mangal co-operative housing society in the prescribed format as per applicable legal provisions :

Particulars	₹	Particulars	₹
Share of MDCH federation	100	Collection from members	3,97,761
Cash in banks	3,08,575	Collection for sinking fund	10,000
Cash on hand	6	Income and expenditure account	26,605
Electricity charges	76,170	Interest - fixed deposit	62,726
Fixed deposits	8,00,568	Interest - saving bank	8,022
Furniture and fittings	734	Sinking fund - opening	1,65,000
Insurance charges	9,557	Statutory reserve fund - opening	7,95,661
Office expenses	1,344	Subscribed :	
Professional fees	7,000	100 shares of 50 each	5,000
Property taxes	1,49,723		
Repairs and maintenance	42,940		
Salaries	36,500		
Subscription of housing federation	500		
Subscription to the education fund	300		
Water charges	36,758		
Total	14,70,775	Total	14,70,775

Adjustments :

- (a) Outstanding expenses :
 - (i) Salary ₹3,200
 - (ii) Water charges ₹12,394
 - (iii) Repairs and maintenance ₹4,200
 - (iv) Electricity charges ₹13,500.
- (b) Depreciation on furniture @10%.
- (c) Authorised capital : 180 shares of ₹50 each.
- (d) Dues from members for establishment expenses ₹43,242.

TURN OVER

5. The following is the summary Balance sheet of Mira Ltd. as on 31st March, 2012 : 15

Liabilities	₹	Assets	₹
5,000 10% Preference shares of ₹100 each	5,00,000	Fixed assets	13,70,000
90,000 Equity shares at ₹10 each	9,00,000	Investments at cost (market value ₹ 2,80,000)	3,00,000
Securities premium	1,00,000	Stock	9,00,000
General Reserves	7,50,000	Debtors	1,00,000
Profit and loss account	2,00,000	Cash at bank	1,75,000
Creditors	4,00,000	Cash in hand	5,000
Total	28,50,000	Total	28,50,000

It was decided on 30th June 2012 to redeem the preference shares at a premium of 5%. To finance the redemption, all the investments were realised at market value and 10,000 equity shares were issued at ₹ 9 per share payable on application. The company also issued 10,000 12% debentures of ₹ 100 each. On 1st August, 2012 the company made a bonus issue of one equity share for each two equity shares held on that date. It was decided that only minimum reduction should be made in revenue reserves.

Pass journal entries and prepare the balance sheet of the company.

OR

6. Write short notes on (**any three**) : 15

- (a) Redemption of preference shares
- (b) Buy-back of equity shares
- (c) Bonus shares
- (d) Capital reserve
- (e) Right Shares