

Notes

Pune Vidyarthi Griha's
College Of Science and Technology
S.Y.B.Com (Semester-IV) – 2023-24
Subject: Accountancy and Financial Management

Date:04/04/2024

Duration : 3 Hrs

Total Marks : 100

- N.B.** (1) Strictly avoid restoring to any unfair means during the examinations.
(2) **Figures** in brackets to the **right** indicates full marks **allotted** to the question.
(3) Working notes should form part of your answers.
(4) **All Five** questions are **compulsory each questions carry 20 marks.**
(5) Use of simple calculator is **allowed.**

Q.1 A. Choose the correct option and rewrite the sentence. (Any 10) (10)

1. A Company is (Voluntary Association / Compulsory Association / Illegal Association / All of the above)
2. The person who conceives the idea of formation of a company is (Promoter / Director / Manager / Leader)
3. The assets which is shown under Fixed Assets is (Loose Tools / Vehicles / Stock / Investments)
4. The period before registrations is called as period (Pre/ Post/ profit period / Loss period)
5. Preference shareholders get as income (Interest/Dividend/Profit// Loss)
6. Debenture issued by a company is (Capital / Loans / Current Liability/ Contingent Liability)
7. Debenture interest is (Charged against Income / Charges against dividend Income / Charged against profit / Charged against General Reserve)
8. Capital Redemption reserve can be created out of (Statutory Reserve / Capital Reserve / Security Premium / Free Reserves)
9. Salary to partners is transferred to period (Pre period/ Post period/ profit period / Loss period)
10. Preliminary expenses are Transferred to..... Periods(Pre period/ Post period/ profit period / Loss period)
11. Debenture may be (Secured / Unsecured / Redeemable / All of the above)
12. When claim of preference Share holders are paid..... a/c are credited
(Bank / Preference share holders/ Debenture holders/ Creditors)

Q.1 B. State whether the following statements are true or false (any 10) (10)

1. A private company must have minimum 20 members.
2. A debenture carries voting rights in shareholders meetings.
3. Preference shareholders are entitled to dividend at variable rate.
4. Dividend is an Income of Debenture holders.
5. Dividends are usually paid as a percentage of net profit.
6. Debentures can be issued for cash only.
7. Proceed of fresh issue as a source of redemption can be loan from bank.

8. Dividend is calculated on preference share capital on Face Value.
9. The interest on investment representing sinking fund should be credited to sinking fund account.
10. The claim of debenture holders on redemption is credited to sinking fund account.
11. Profit up to date of incorporation is capital profit.
12. For computation of Pre-incorporation Profit depreciation is allocated in time ratio.

Q.2 Following is the summary Balance sheet of Sachin Ltd. as on 31st March 2024.

Liability	Rs.	Assets	Rs.
4,000 *% Redeemable Preference shares of Rs. 100 each, fully paid-up.	4,00,000	Sundry Assets	16,00,000
3,000 7% Redeemable Preference shares of Rs. 100 each, Rs. 80 paid-up.	2,40,000	Investments	2,00,000
1,00,000 Equity Shares of Rs. 10 each	10,00,000	Banks	6,60,000
Revenue Reserve	5,70,000		
Trade Payables	2,50,000		
Total	24,60,000	Total	24,60,000

It was decided to redeem 8% redeemable preference shares.

For this purpose the company.

1. Made a final call of Rs. 20 per share on 7% Redeemable Preference shares which was paid by all the shareholders.
2. Issued 18,000 Equity shares of Rs. 10 each at a premium of Rs. 2 Per shares. This issue was fully subscribed to and all money was duly received.
3. Sold investments at a profit of 10%.

You are required to:

1. Pass journal entries to record the above transaction in the books of the company and Balance sheet
20. Marks

OR

Q.2 The summary balance sheet of Gaurav. as on 31st March, 2024 is given below.. 20 marks

Liability	Rs.	Assets	Rs.
Issued and Paid up Capital		Fixed Assets	3,00,000
5,000 Equity Shares of Rs. 100 each fully paid up	5,00,000	Investments	2,00,000
9% Redeemable preference shares of Rs. 10 each fully paid up.	2,00,000	Cash at Bank	10,000
Profit and Loss A/c	2,00,000	Other Current Assets	4,00,000
Current Liabilities	10,000		
Total	9,10,000	Total	9,10,000

On 1st April 2024 the company;

1. Redeem the Preference Shares at a Premium of Rs. 2 Per Shares.
2. Realized Investments for Rs 2,50,000.
3. Issued 1,000 equity share of Rs 100 each
4. Redemptions are carried partly out of profit and partly out of issues

You are required to:

1. Pass necessary journal entries in the books of the company and Balance sheet

Q.3 Yojana Ltd. issued 1,100 5% Debentures of Rs 100 each on 1st January 2011 redeemable at par. The Company decided to set aside every year a sum of Rs 34893 to be invested @ 5% outside the business. The investment were sold at RS 71580 at the end of the third year and the Debentures were redeemed. Give Journal entries. Also prepare Sinking Fund Account and Sinking Fund Investment Account **20 Marks**

OR

Q.3 A company gave notice of its intention to redeem its outstanding 50,000 10% debenture of Rs. 100 each at a premium of 5% and offer the holders the following proposals :

- 1) To accept 12% Cumulative Preference Shares of Rs. 20 each at Rs. 25 per shares.
- 2) To accept 10% Debentures of Rs. 100 at Par
- 3) To accept Equity shares of Rs. 100 each at Rs 100 .
- 4) To have their holdings redeem for cash accordingly.

- A. 15,000 Debenture holders accept the proposal 1
- B. 25,000 Debenture holders accept the proposal 2
- C. 10,000 Debenture holders accept the proposal 3
- D. Remaining Debenture holders accept the proposal 4

Pass the necessary journal entries to record the above transaction in the book of the company. also prepare working Notes For your Answer

Q.4

(20)

ABC Ltd. was incorporated on 1st March, 2022 to acquire a timber merchant's existing business as from 1st January, 2022. The purchase consideration was agreed at Rs. 60,000 to be satisfied by the issue of 3,000 Equity Shares of Rs. 10 each, fully paid up and Rs. 30,000 6% debenture. The following trading and profit and loss account for the year ended 31st December, 2022 is presented to you

Trading & Profit /loss Account for the year ended 31-12-2022

Particulars	Rs.	Particulars	Rs.
Purchase (After Adjusting Stock)	77,400	Sales	1,50,000
Gross Profit	72,600		
	1,50,000		1,50,000
Management Salaries	30,000	Gross Profit	72,600
Office Expenses	2,500		
Rent and Rates	2,000		
Selling Expenses	8,200		
Carriage Outward	1,700		
Debenture Interest	1,350		
Dividend	3,000		
Directors Fees	2,000		
Preliminary Expenses	2,870		
Interest on Purchase consideration	900		
Net Profit	18,080		
	72,600		72,600

You obtain the following additional information:

1. Sales are of one commodity at a fixed price and the average of the monthly sales for the first two month was half of the average of the monthly sales for the remainder of the year.
2. The shares and debentures were issued to the vendor on 1st April, 2022.
3. Interest at 6% p.a. was paid on the purchase consideration from 1st January, 2022 to the date of settlement.

You are required to prepare a statement in columnar from apportioning the balance of profit and loss account for the year ended 31st December, 20~~21~~²² between the periods before the after incorporations.

OR

Q. 4

(20)

Victory Ltd. was incorporated on 1st May, 2022 to take over the business of Camlin Ltd. as a going concern from 1-1-2022.

The Profit and Loss A/c for the year ending on 31-12-2022 is as follows.

Particulars	Rs.	Particulars	Rs.
Rent and Rates T.R	24,000	Gross Profit S.P.	3,10,000
Insurance T.R	6,000		
Electricity Charges T.R	4,800		
Salary T.R	72,000		
Director Fees Profit	6,000		
Auditor Fees T.R	3,200		
Commission S.R	12,000		
Advertisement S.R	8,000		
Discount S.R	7,000		
Office Expenses T.R	15,000		
Carriage S.R	6,000		
Bank Charges T.R	3,000		
Preliminary Expenses Profit	13,000		
Bad debts Profit	4,000		
Interest in Loan Profit	6,000		
Net Profit	1,20,000		
Total	3,10,000	Total	3,10,000

The total Sales for the year ending 31st December 2022 was Rs. 10,00,000 divided into Rs. 3,00,000 for the period up to 1st May 20~~21~~²² and Rs. 7,00,000 for the remaining period.

Ascertain the profit earned prior to and post incorporation period.

Q. 5

(20)

- A Explain various types of debentures.
- B Distinguish between Shares and Debentures

OR

Q.5 Write Short notes (any four)

(20)

- a. Private Company
- b. Divisible profit
- c. Capital redemption Reserve
- d. Bonus Shares
- e. Debenture Redemption Reserve
- f. Balance sheet as per Company act 2013