

Time : 2 hrs.

Marks : 60

Instructions to Candidates:

- 1) All Questions are Compulsory carrying 15 marks each.
- 2) Question No. 1 carries internal option , i.e. Question No. 1 of 15 marks OR Question No. 1 of 15 marks , out of which Any One is to be attempted.
- 3) Question No. 2 carries internal option , i.e. Question No. 2 of 15 marks OR Question No. 2 of 15 marks , out of which Any One is to be attempted
- 4) Question No. 3 carries internal option , i.e. Question No. 3 of 15 marks OR Question No. 3 of 15 marks , out of which Any One is to be attempted
- 5) Question No. 4 carries internal option , i.e. Question No. 4 of 15 marks OR Question No. 4 of 15 marks , out of which Any One is to be attempted.
- 6) In all Four Questions are to be attempted.
- 7) Use of simple 12-digit non-programmable calculator is allowed.
- 8) Possession or use of Mobile phones during the Examination is strictly prohibited and will amount to copying.

Q1 (15 marks) The balance sheet of Alpha Ltd as at 31st March, 2013 was as under:-

Liabilities		Rs.	Assets		Rs.
Equity Share Capital (Rs. 10) fully paid		5,00,000	Fixed Assets (wdv)		15,60,000
8 % Preference Share Capital (Rs. 10) fully paid		2,00,000	Non-current Investments		1,50,000
Capital Reserve		10,000	Current Investments		1,80,000
Capital Redemption Reserve		1,00,000	Stock		2,20,000
Debenture Redemption Reserve		4,00,000	Sundry Debtors		3,80,000
Revaluation Reserve		10,000	Bank		85,000
General Reserve		1,40,000			
Surplus i.e. Profit & Loss A/c Cr.		75,000			
12% Debentures (Rs. 100)		8,00,000			
Sundry Creditors		3,40,000			
TOTAL		25,75,000	TOTAL		25,75,000

1. All the preference shares were due for redemption on 1/4/2013 at a premium of 10%.
2. For this purpose , 4,000 equity shares of Rs. 10 each were issued for cash at a premium of 10% on 1/4/2013. The issue was fully subscribed and paid for.
3. Further , 2,000 14% debentures of Rs. 100 each were issued for cash at a premium of 10% on 1/4/2013. The issue was fully subscribed and paid for.
4. The redemption of Preference shares was duly carried out on 1/4/2013 after satisfying all requirements of Company Law. One shareholder Mr. Y holding 300 shares could not be traced, so his shares could not be redeemed on 1/4/2013
5. On 1st April, 2013 , the Company purchased 100 Own 12% Debentures of Rs. 100 each from the open market at a price of Rs. 94 per Debenture and cancelled the same immediately on the same date.

Q1 (15 marks) The balance sheet of ORRAY Ltd as at 31st March, 2013 was as under:-

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (Rs. 10) fully paid	4,40,000	Fixed Assets (wdv)	9,53,000
8 % Preference Share Capital (Rs. 10) fully called =Rs. 1,20,000 Less Calls- in -arrears= Rs. 2,000	1,18,000	Current Investments	1,64,000
Capital Reserve	10,000	Stock	2,48,000
Capital Redemption Reserve	80,000	Sundry Debtors	3,65,000
Securities Premium Reserve	44,000	Bills Receivable	1,54,000
Debenture Redemption Reserve	3,00,000	Bank	71,000
General Reserve	40,000		
Surplus i.e. Profit & Loss A/c Cr.	53,000		
12% Debentures(Rs. 100)	6,00,000		
Sundry Creditors	2,40,000		
Bills Payable	30,000		
TOTAL	19,55,000	TOTAL	19,55,000

1. All the preference shares were due for redemption on 1/4/2013 at a premium of 10%.
2. For this purpose , 8,000 equity shares of Rs. 10 each were issued for cash at a premium of 10% on 1/4/2013. The issue was fully subscribed and paid by the shareholders
3. On 1/4/2013 the Company sold a part of the current investments costing Rs. 80,000 at a profit of Rs. 10,000.
4. There were calls-in-arrears @ Rs. 2 per share on 1,000 Preference shares. All the calls-in-arrears were received from the shareholders on 1/4/2013 before redemption.
5. The redemption of Preference shares was duly carried out on 1/4/2013 after satisfying all requirements of Company Law. One shareholder Mr. Z holding 200 shares could not be traced, so his shares could not be redeemed on 1/4/2013

Pass journal entries in the books of the Company to record all the above transactions.

Q2 (15 marks) Beta Ltd. issued 6,000 12% Debentures of Rs. 100 each for cash at par on 1/4/2010, redeemable at par after 3 years on 31/3/2013. The Company decided to gradually create a Debenture Redemption Reserve to cover 100 % of the Face value before the redemption date. For this purpose , it transferred Rs. 2,00,000 every year for three years out of current profits to the Debenture Redemption Reserve A/c on 31st March, 2011,2012 and 2013 .

On 1st April, 2012 , the Company purchased 100 Own Debentures of Rs. 100 each from the open market at a price of Rs. 96 per Debenture and cancelled the same immediately on the same date. On 31st March , 2013, all the remaining Debentures were redeemed at par by payment by cheque

Pass Journal entries for all the above Transactions from 1/4/2010 to 31/3/2013, excluding entries for payment of Debenture Interest on 31st March every year. Also calculate the amount of Debenture Interest for the full year ended 31/3/2013. Journal entries for this is not required. Ignore Taxation.

Q2 (15 marks) The Balance sheet of ORB Ltd. as at 31st March, 2013 was as follows:-

Liabilities	Rs.	Assets	Rs.
Equity Share Capital(Rs. 10)	8,50,000	Fixed Assets	14,53,000
Securities Premium	85,000	Own Debentures at cost (F.V.Rs. 2,00,000)	2,00,000
Debenture Redemption Reserve	5,50,000	Bank	5,62,000
General Reserve	1,40,000	Other Assets	6,46,000
12 % Debentures(Rs. 100 each)	9,00,000		
Premium on redemption of Debentures	90,000		
Current liabilities	2,46,000		
Total	28,61,000	Total	28,61,000

All the debentures were due for redemption on 1/4/2013 at a premium of 10 %.

On 1/4/2013, The Board of Directors decided as follows:-

- To cancel all Own Debentures
- To give Option No. 1 to remaining Debenture –holders to accept 20 equity shares of Rs. 10 each for Three Debentures held in the Company; Debenture –holders holding 3,000 Debentures opted for such conversion into equity shares of the Company
- To give Option No. 2 to remaining Debenture–holders to accept cash payment at 10% premium; Debenture –holders holding 4,000 Debentures opted for such cash payment.

Pass Journal Entries to record the entire Redemption.

Q3) (15 marks) The following information relating to Gamma Timber Mart is available :-

- The business godown containing stock-in-trade caught fire on 13 th May, 2013.
- Only stock costing Rs. 20,000 was salvaged from the fire
- The entire stock-in-trade was insured against fire for a Policy amount of Rs. 80,000
- Gross Profit Ratio on Sales for the current year 2013-14 is estimated at average of last two completed years' Gross Profit Ratios.
- The following details of transactions are available:-

Particulars	Year ended 31/3/2012 Rs.	Year ended 31/3/2013 Rs.	Period from 1/4/2013 to 13/5/2013 Rs.
Opening Stock at cost	72,000	90,000	1,20,000
Purchases less returns	3,25,800	4,09,200	90,000
Sales less returns	3,80,000	4,80,000	1,37,500
Closing Stock at cost	?	?	?

- The policy was subject to Average Clause.

Calculate the claim for loss of stock by fire , with suitable supporting notes

Q3 (15 marks) The following information relating to G Trading Co is available :-

1. The business godown containing stock-in-trade caught fire on 13th September, 2013.
2. Only stock costing Rs. 60,000 was salvaged from the fire
3. The entire stock-in-trade was insured against fire for a Policy amount of Rs. 7,00,000
4. Gross Profit Ratio on Sales for the current year 2013-14 is estimated at average of last two completed years' Gross Profit Ratios.
5. The following details of transactions are available:-

Particulars	Year ended 31/3/2012 Rs.	Year ended 31/3/2013 Rs.	Period from 1/4/2013 to 13/8/2013 Rs. 9
Opening Stock at cost	3,80,000	4,60,000	5,20,000
Purchases less returns	12,96,000	15,40,000	6,70,000
Sales less returns	16,00,000	20,00,000	8,40,000
Closing Stock at cost	?	?	?

6. The policy was subject to Average Clause.

Calculate the claim for loss of stock by fire , with suitable supporting notes

Q4 (A) (7 marks) Match the following Columns and rewrite your matched pairs:-

	Column A		Column B
a	Own Debentures	1	Debenture Redemption Reserve A/c
b	Redemption of Preference shares	2	Liability
c	Debenture Interest A/c	3	Income
d	12 % Debentures A/c	4	Asset
e	Redemption of Debenture out of Profits	5	Securities Premium A/c
f	Premium on issue of Debentures	6	Capital Redemption Reserve A/c
g	Interest on Own Debentures	7	Expense

Q4 (B) (8 marks) State whether the following statements are True or False (Reasons are not required) :-

- a) Fire insurance claim amount can be more than loss of stock plus fire-fighting Expenses
- b) Discount on issue of Debentures is a Loss to the Company
- c) In case of under-insurance, claim amount is equal to stock lost after applying average clause
- d) Capital Redemption Reserve A/c can be utilised to write off Premium on redemption of Preference shares
- e) Only fully paid Preference shares can be Redeemed
- f) If Own 12% Debentures of Face Value Rs. 1,00,000 are purchased for Rs. 90,000 and held for full year, then Interest on Own Debentures will be Rs. 10,800
- g) Capital Redemption Reserve A/c must be shown under Share Capital in The Balance Sheet
- h) Securities Premium A/c must be shown under Reserves and Surplus in The Balance Sheet

OR

Q4 (A) (7 marks) Dream Ltd. had issued 6,000 12% Debentures of Rs. 100 each for cash at par on 1/4/2010, redeemable at par after 3 years on 31/3/2013. The Company decided to gradually create a Debenture Redemption Reserve as required by SEBI guidelines to cover 50 % of the Face value before the redemption date.

On 31st March, 2013, the Debenture Redemption Reserve showed a credit balance of Rs. 2,70,000 only

On 31st March , 2013, all the Debentures were duly redeemed at par by payment by cheque

Pass Journal entries for all the above Transactions on 31/3/2013 only , excluding payment of Debenture Interest. Ignore Taxation.

Q4 (B) (8 marks) Write short notes on (Any Two):-

- a) Re-order Level and related Accounting Software
 - b) Budgeting and related Accounting Software
 - c) Invoice and related Accounting Software
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