

- (A)Equity Shareholders (B)Preference Shareholders
(C)Creditors (D)All of the above as per requirement
- j) When Contingent Liability is paid, we debit..... 1
(A)Goodwill A/c (B) Contingent Liability A/c
(C)Bank A/c (D)Capital Reduction A/c
- k) What will be share underwriters considered from the view point of 1
company?
(A)Third Parties (B)Promoters (C)Regulators (D)None
- l) On debenture of Rs. 500, maximum amount of underwriting commission 1
allowable is.....
(A)Rs. 12.50 (B)Rs. 25 (C)Rs. 5 (D)None
- m) By closing Underwriting Commission A/c., in which account the balance 1
will be carry forwarded by the company?
(A)To Share –Debenture A/c (B)To Bank A/c
(C)To Underwriters A/c (D)To Profit & Loss A/c
- n)preference shares cannot be redeemed. 1
(A)Redeemable (B)Fully paid up
(C)Within 5 years of the issue (D)Partly paid up

Q-2

The following is the Trial Balance of Shivam Ltd. as on 31-3-2015 : 14

Debit Balances	Rs	Credit Balance	Rs.
Debenture Interest paid	15,000	Share Capital	10,00,000
Calls in Arrears	50,000	General Reserve	60,000
Purchases	5,00,000	Debenture Red.-	40,000
Opening Stock	80,000	Reserve	
Debtors	2,00,000	10% Debenture	2,00,000
Telephone Deposite	30,000	Public Deposits	80,000
10% Government Loan	1,00,000	Purchase Return	20,000
Land & Building	14,00,000	Sales	12,00,000
Plant & Machinery	2,30,000	Creditors	30,000
Sales Return	25,000	Unclaimed Dividend	10,000
Salaries	50,000	Bed Debts Reserve	18,000
Office expenses	20,000	P & L A/C (1-4-14)	42,000
	27,00,000		27,00,000

Additional Information

- (1) Closing Stock Rs. 40,000
- (2) Make Provision for Bad debts, at 10% on debtors.
- (3) Provide depreciation on Land & Building at 5% and Plant & Machinery at 10%.
- (4) Make provision for taxation at 50% of profit.
- (5) Proposed dividend 10% on share capital, after transferring Rs. 20,000 to General Reserve.
- (6) Provide corporate dividend tax at 20% (including surcharge and cess) on dividend.

Prepare Final Accounts as per Schedule III of Companies Act, 2013.

- Q-3 **Attempt all questions** (14)
- A Describe Indian Accounting Standard No. 15 7
- B Describe Indian Accounting Standard No. 13 7
- Q-4 **Attempt all questions** (14)
- A A Company decided to redeem 1000 Redeemable Preference Shares of 7



Rs 100 each at a premium of 5 percent. For the purpose, it issued 1000 Equity Shares of Rs. 100 each at a premium of 10%. All shares were subscribed and full amount was received. Give Journal entries.

- B** Short note: Advantages of Underwriting. 7
Q-5 **Attempt all questions** (14)
A Balance sheet of Nimit Ltd. is as under on 31-3-2016 : 7

Liabilities	Rs.	Assets	Rs.
Share Capital :		Goodwill	15,000
1,500 8% Pref. Shares of Rs. 100 each	1,50,000	Assets 1,00,000	
2,000 Equity Shares of Rs. 100 each	2,00,000	-Depreciation <u>20,000</u>	80,000
Securities Premium	50,000	Plant & Machinery 2,00,000	
Creditors	20,000	-Depreciation <u>40,000</u>	1,60,000
		Patents	20,000
		Stock	5,000
		Debtors	24,200
		Preliminary Expenses	30,000
		P & L A/c	85,800
	4,20,000		4,20,000

Tribunal has sanctioned scheme for capital reduction as per following terms :

- (1) Each equity share is to be reduced by Rs. 90.
- (2) Each Preference share is to be reduced to Rs. 90.
- (3) In lieu of two year's arrears of Pref. share dividend, equity shares of Rs. 100 each should be given at 5% paid up for Rs. 100 each.
- (4) Every credit balance which is not liabilities and every debit balance which is not assets are to be written off.
- (5) Any balance remaining in capital Reduction Fund Account should be utilized to reduce fixed assets in the proportion of their book value.

Pass Journal entries and prepare Balance Sheet after implementation of scheme.

- B** A Company decided to redeem 1000 Redeemable Preference Shares of 100 each at a premium of 5%. Assuming that the necessary amount was utilized from profit and loss Account, give journal entries. 7
Q-6 **Attempt all questions** (14)

- A** Define the meaning of Capital Reduction and reason for reducing capital. 7
B What is meant by Redeemable Preference Share? Give the provision of Companies Act for redemption of these Shares. 7

- Q-7** **Attempt all questions** (14)
A Neeta Ltd. made a public issue of 10, 00,000 shares of Rs. 10 each. 7

Underwriters have agreed as under:

A 40%, B 30%, C 20% , D 10%

Applications received were 9,50,000 shares, which included marked applications as below :

A 4, 50,000 Shares, B 1, 90,000 Shares,
 C 1, 60,000 Shares, D 1 00,000 Shares.

Underwriters are entitled for 5% Commission.

Prepare statement showing net liability of each underwriter and write journal entries in the books of Neeta Ltd.

- B** Jay Bharat Ltd. made a public issue of Rs. 40,000 shares at face value of 7



Rs. 10 each. J.K. Underwriters has underwritten the whole issue for the commission at 4%. Company received applications for 60% shares of total shares issued. J.K. bought the remaining shares.

J.K. has made a sub contract of underwriting with R.K. for 25% shares of total issue. For that J.K. has to pay 2% commission to R.K.

J.K. sold his holding at Rs. 9 per share. The expenses of Rs. 5,000 were paid.

Prepare Underwriting A/c in the books of J.K.

Q-8

Attempt all questions

(14)

A

State the provisions of companies Act relating to Capital Reduction.

7

B

Explain the types of underwriting Agreements.

7

