

ENGLISH VERSION

- Instructions :**
- (1) Figures to the right side indicate the marks.
 - (2) Show necessary calculations as a part of answer.
 - (3) The marks of all the questions are the same.
 - (4) Answer any **four** questions.

- 1 The following is the Trial Balance of Milton Manufacturing Co. Ltd. as on 31st March 2020. 17.5

Particulars	Debit (Rs.)	Credit (Rs.)
Stock (1 st April 2019)	1,86,420	—
Purchases and Sales	7,18,210	11,69,900
Goods Return	12,680	9,850
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Manufacturing Wages	1,09,740	-
Sundry Manufacturing Expenses	19,240	-
Carriage Inwards	4,910	-
18% Bank Loan (Secured)	-	50,000
Interest on Bank Loan	4,500	-
Office Salaries and Expenses	17,870	-
Auditor's Fees	8,600	-
Manager's Remuneration	26,250	-
Preliminary Expenses	6,000	-
Freehold Premises	1,64,210	-
Plant and Machinery	1,28,400	-
Furniture	5,000	-
Loose Tools	12,500	-
Debtors and Creditors	1,05,400	62,220
Cash in hand	19,530	-
Cash at Bank	96,860	-
Advance payment of tax	84,290	-
Profit and Loss A/c on 1 st April 2019	-	38,640
Share Capital	-	4,00,000
Total	17,30,610	17,30,610

Prepare company's final accounts after taking into consideration the following adjustments :

- (1) On 31st March 2020, outstanding manufacturing wages and outstanding office salaries stood at Rs. 1,890 and Rs. 1,200 respectively. On the same date, stock was valued at Rs. 1,24,840 and loose tools at Rs. 10,000.
- (2) Provide for accrued interest on bank loan for 6 months.
- (3) Depreciation on plant and machinery is to be provided at 15% while on furniture at 10%.
- (4) Write off one - third of balance of preliminary expenses.
- (5) Make a provision for income tax at 50%.
- (6) The directors recommended a dividend at 15% for the year ending on 31st March, 2020 after statutory transfer to General Reserve at 5%.

2 The following balances were recorded in the books of Nilesht Ltd. on 31st March, 2020 : 17.5

Particulars	Rs.	Particulars	Rs.
Calls - in - arrears		7 $\frac{1}{2}$ % Pref. Share	
(Equity Shares)	10,000	capital	1,00,000
Opening stock	33,300	Equity share capital	2,00,000
Purchases ^S	1,06,500	Share forfeiture A/c	4,500
Land and building	1,70,000	Securities premium	16,500
Plant and machinery	1,15,000	Capital reserve	55,000
Preliminary expenses	6,000	General reserve	90,000
Furniture	32,000	Provident fund	13,000
Investments	1,65,700	5% Debentures	
Loose tools	12,000	(Mortgage)	50,000
Debtors	66,000	Sales	2,60,000
Productive wages	35,200	Creditors	33,000
Deb. Red. Fund		P & L account	5,500
investments	20,000	Bank loan	25,400
Salaries	57,000	Public deposits	14,600
Rent, rates and taxes	20,000	Income from	
Directors' fees	3,500	investments	9,500
Postage and telegrams	6,500	Debenture redemption	
Provident fund's		fund	20,000
contribution	2,500	Reserve for bad debts	3,000
Cash and bank			
balance	10,800		
Income - tax	28,000		
	9,00,000		9,00,000

You are required to prepare Profit and Loss Statement for the year ended on 31st March, 2020 and the Balance Sheet (Vertical) on that date after taking into account the following additional information :

- (1) The Stock on 31-3-2020 was Rs. 95,400.
- (2) Provide 5% Reserve for Bad Debts on Debtors.
- (3) Prepaid Rent amounted to Rs. 2,000.
- (4) Provide Depreciation on Plant and Machinery at 2%, on Furniture at 5% and on Land and Building at 4%.
- (5) Outstanding Expenses: Productive Wages Rs. 2,500; Salaries Rs. 3,000 and Rates and Taxes Rs. 1,500.
- (6) Transfer Rs. 25,000 to General Reserve.
- (7) The directors of the company recommended $7\frac{1}{2}\%$ dividend on Pref. Share Capital and 10% on Equity Share Capital.
- (8) The Authorized Capital of the company amount to Rs. 5,00,000.

3 Balance Sheet of Divyesh Ltd. as on 31-03-2020 is as under 17.5

Liabilities	Rs.	Assets	Rs.
Ordinary shares each of Rs. 10	2,70,000	Land & Building	5,00,000
8% Redeemable pref. shares of Rs. 10 each	1,50,000	Machinery	4,00,000
General reserve	6,00,000	Furniture	50,000
Share premium	50,000	Debtors	1,00,000
9% Debentures	2,00,000	Stock	1,50,000
Creditors	50,000	Bank Balance	1,20,000
	13,20,000		13,20,000

The company resolved as under :

- (1) To redeem pref. shares @ 5% premium and debentures @ 6% premium.
- (2) One machine of Rs. 1,10,000 sold for Rs. 1,60,000.
- (3) After the above changes were effected, the company issued ordinary shares at 10% premium to keep bank balance of Rs. 1,30,500.
- (4) It was resolved to issue one bonus share for every three equity shares held. New equity share holders are not entitled for bonus shares.

Pass necessary journal entries and also prepare new Balance Sheet.

4 The Balance Sheet of Ramesh Ltd. as on 31-03-2020 17.5
is as under :

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each, Rs. 9 paid up per share	9,00,000	Fixed assets	19,50,000
12% redeemable pref. shares of Rs. 10 each, Rs. 8 paid up per share	4,00,000	Investments	2,00,000
14% pref. shares of Rs. 10 each fully paid	3,00,000	Bank balance	5,00,000
Securities premium	50,000	Current assets	8,00,000
P & L account	50,000		
General reserve	15,00,000		
Creditors	2,50,000		
	34,50,000		34,50,000

It was decided to redeem 12% redeemable preference shares at a premium of 10% and 14% redeemable preference shares at a premium of 5%, on the date of balance sheet after complying with necessary provisions of Companies Act. Investments were sold at Rs. 1,50,000. Now bank balance to be maintained in the business is Rs. 50,000. For this purpose, company issued 15% cumulative preference shares at 10% premium in adequate number.

Afterwards on the same date bonus was declared for converting partly paid up equity shares into fully paid up shares and one bonus share for two equity shares held to be given.

Write journal entries in the books of Ramesh Ltd. and also prepare Balance Sheet of Ramesh Ltd.

- 5 The Balance Sheet of Vishal Limited as on 31st March, 2020 revealed the following position :

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital :		Goodwill	90,000
50,000 6% Cum. Pref. Shares of Rs. 10 each, fully paid	5,00,000	Land & Building	4,00,000
1,00,000 Equity Shares of Rs. 10 each fully paid	10,00,000	Plant & Machinery	4,00,000
Debentures	2,00,000	Patents	2,00,000
O/s Debenture Interest	20,000	Furniture & Fittings	40,000
Creditors	1,00,000	Stock	2,50,000
Contingent Liability :		Debtors	1,00,000
Cumulative Pref. share dividend in arrears Rs. 2,20,000		Bank Balance	27,000
		Preliminary Expenses	13,000
		Profit & Loss A/c	3,00,000
	18,20,000		18,20,000

The company proved unsuccessful and a scheme for the reduction of capital was adopted by the shareholders and was approved by the tribunal. The scheme provided for the following :

- (1) Preference shares to be reduced to Rs. 6 and equity shares to be reduced by Rs. 6.
 - (2) Debenture-holders to waive their outstanding interest.
 - (3) The preference shareholders to waive their arrears of dividend and Rs. 25,000 to be paid to them in lieu thereof.
 - (4) Goodwill, the debit balance of Profit & Loss Account, Preliminary expenses are to be written off.
 - (5) Reduce the values of assets as under :

Land and Building	Rs. 1,00,000
Plant & Machinery	Rs. 1,00,000
Patents	Rs. 1,50,000
Furniture	Rs. 20,000
 - (6) Provision for bad debts to be made at 5% on debtors.
- Pass journal entries giving effect of the above scheme and prepare a revised Balance Sheet

6 Balance Sheet of Milan Ltd. stood as under as on 31-3-2020 :

17.5

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Ordinary Share Capital : 70,000 shares of Rs. 10 each	7,00,000	Goodwill	1,00,000
6% 5,000 Preference shares of Rs. 100 each	5,00,000	Patent & Trademarks	1,50,000
5% Debentures	1,00,000	Land & Building	3,00,000
Creditors	1,85,000	Plant & Machinery	2,50,000
Interest accrued on Debentures	15,000	Stock	2,00,000
		Debtors	1,20,000
		Bills Receivable	60,000
		Cash	6,000
		Bank	24,000
		Preliminary Expenses	1,50,000
		Profit & Loss A/c	1,00,000
		Advertisement	
		Suspense A/c	40,000
	15,00,000		15,00,000

The Court sanctioned a scheme regarding reduction of capital with following conditions :

- (1) The ordinary share is to be reduced to Rs. 3.
- (2) The preference share is to be reduced by Rs. 60.
- (3) Invisible and fictitious assets are to be written off.
- (4) Land and Building is to be depreciated by 50%.
- (5) Plant and Machinery is to be reduced to Rs. 2,00,000.
- (6) Stock is to be reduced by Rs. 30,000 and Rs. 20,000 is to be written off as bad debts.
- (7) The Debenture-holders agreed to forgo the accrued interest on Debentures.

Journalize the transactions for implementing the above scheme and prepare the New Balance Sheet thereafter.

- 7 What is Corporate Social Responsibility? State objectives of CSR and present CSR norms in India in detail. 17.5
- 8 State scope of corporate social responsibility and also discuss role and responsibility of CSR Committee. 17.5