

Section-A

1. Attempt any EIGHT of the following: 2.5x8
- What is HOLDING COMPANY?
 - What entry will be passed for writing off the discount on issue of Shares?
 - Define CONVERTIBLE DEBENTURES.
 - What is STOCK DIVIDEND?
 - What are LEVERAGE RATIOS?
 - At what price, GOODS are sent to Branch under Stock and Debtor System?
 - On what basis, Power consumed by different departments should be allocated among different departments?
 - What is OVERRIDING COMMISSION?
 - Define UNCERTIFIED WORK.
 - Define HIRE-VENDOR.

Section-B

2. Z Ltd. with an authorized capital of Rs. 5, 00,000 divided into 5,000 equity shares of Rs 1,00 each. The company issued 4,000 shares of Rs. 100 each at a discount of 5 percent. The company received applications for 3,000 shares. All applications paid their money due. During the year the company made a capital profit of Rs. 20,000. It was decided to write off discount of Rs. 10,000 out of this profit. 10,10
Pass the necessary journal entries and show the balance sheet.
3. A Company issued 3,000, 6% debentures of Rs. 100 each in 1990. On 30th April 1993, the company purchased 1000 debentures at Rs. 96. Interest is payable on 30th June and 31st December each year. 16,4
You are required to calculate the value of debentures, if price is (i) cum-interest and (ii) ex-interest. Pass entries in the books of the company at the time of (i) purchase of debentures and (ii) cancellation of Debentures.
4. The following is the Trial Balance of Salman Ltd. as at 31st March, 1993, with an authorized capital of Rs. 3,00,000 shares of Rs. 10 each of which 20,000 shares have been issued and fully paid up; 4,4,2,10

	Rs.	Rs.
Freehold Premises	1,50,000	
Plant and Machinery	1,65,000	
Furniture and Fixtures	3,600	
Stock 1 st April 1992	37,500	
Sundry Debtors	43,000	
Interim Dividend Paid 1 st November 1992	10,000	
Purchases	92,500	
Cash at Bank	28,800	
Cash in hand	400	
Wages	42,400	
Carriage Inward	5,300	
Fuel and Power	1,200	
Preliminary Expenses	2,500	
Repairs and Renewals	2,100	
Salaries	10,400	
Director's Fees	2,800	
General Charges	3,000	
Debenture Interest Paid	9,000	
Bad Debts	1,000	
Subscribed and fully paid up capital		2,00,000
12% Debentures		1,50,000
Profit & Loss A/C Balance at 1 st April, 1992		7,200
Sundry Creditors		44,000
Sales		2,07,500
Bad Debts Provision		1,800
	6,10,500	6,10,500

(Continued Overleaf)

Prepare Trading and Profit and Loss Account for the year ended 31st March 1993 and Balance Sheet as at 31st March 1993 after taking into account the following adjustments:

- (a) Provide 10% depreciation on Plant and Machinery and Furniture and Fixtures.
- (b) Write off Rs. 500 from Preliminary Expenses.
- (c) Create a provision for Bad Debts @ 5% on sundry debtors.
- (d) During the year a machine whose book value was nil was sold for Rs. 7,000 and the amount is included in sales.
- (e) Stock as on 31st March 1993 was valued at Rs. 60,000.
- (f) Transfer Rs. 10,000 to General Reserve.
- (g) Directors have proposed a final dividend of 10% on the subscribed capital of the company.

5. The following is the Balance Sheet of a company as on December 31st, 1994.

5x4=20

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,20,000	Fixed Assets	3,60,000
Reserves & Surplus	80,000	Less: Depreciation	1,00,000
6% Mortgage Debentures	1,40,000		2,60,000
Current Liabilities:		Current Assets:	
Creditors	12,000	Cash	10,000
Bills Payable	20,000	Investments (Govt. Securities at 10%)	30,000
Outstanding Expenses	2,000	Sundry Debtors	40,000
Taxation Provision	26,000	Stock	60,000
	<u>4,00,000</u>		<u>4,00,000</u>

Other Information:

i) Net sales Rs. 6,00,000	ii) Cost of goods sold Rs. 5,16,000
iii) Net Income before Income tax Rs. 40,000	iv) Net income after Tax Rs. 20,000.

Calculate: i) Current Ratio ii) Debt-Equity Ratio iii) Proprietary Ratio
iv) Net Profit Ratio v) Operating Ratio

Section-C

6. X Ltd. purchased machinery on 1st January 1992 on the hire purchase system. The cash price of the machinery is Rs. 14,900. The terms of payment were Rs. 4,000 half yearly over two years, the first payment to be made on 30th June, 1992. Rate of interest was 6% per annum. X Ltd. wrote off 10% Depreciation and closed its books on 30th June every year. It could not pay the instalment due on 30th June, 1993 and as a consequence, the hire vendor took Possession of the Machinery. Give the machinery account and show the loss suffered by X Ltd.

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7. From the following particulars, prepare branch account showing the profit or loss of the branch:

16,4

	Rs.
Opening Stock at branch	30,000
Goods sent to branch	90,000
Sales (Cash)	1,20,000
Salaries	10,000
Other expenses	4,000

Closing stock could not be ascertained, but it is known that the branch usually sells at cost plus 20 percent. The branch manager is entitled a commission of 5 percent on profit of the branch before charging such commission.

8. The following particulars are extracted from the books of X company for the year ended 31st December 1994:

16,4

	Rs.
Materials Purchased	1,80,000
Materials issued from stores	50,000
Plant purchased	1,60,000
Wages	2,44,000
Direct Expenses	24,000
Establishment charges	54,000

The contract was for Rs. 15,00,000 and upto 31st December 1994, Rs. 5,80,000 had been received in cash which represented the full amount of work certified less 20% retention money. Materials on 31st December 1994 were valued at Rs. 15,000 and the plant valued at Rs. 1, 44,000.

Prepare Contract Account showing what profit should be credited to Profit and Loss account.

9. Salman Ltd. forwarded on 1st January, 2002, 100 bicycles to Nadir & Co. of Lahore to be sold on behalf of Salman Ltd. The cost of one bicycle was Rs. 250 but the invoice price was Rs. 300. Salman Ltd. incurred Rs. 1000 on Freight and Insurance and Received Rs 10,000 as advance from Nadir & Co. Nadir & Co paid Rs. 500 as Octroi and Carriage. Rs. 400 as rent and Rs. 300 as insurance and by 30th June, 2002 had disposed of 80 bicycles for Rs. 25,000. Nadir & Co is entitled to a commission on sale at 5 percent on proforma invoice price and 25% of any surplus price realized. Nadir & Co remitted the amount due from them by a bank draft.

You are required to prepare Consignment Account.

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