

Applications were received for 3000 shares and pro-rata allotment was made on the applications for 2400 shares. Money overpaid on applications was employed on account of sum due on allotment.

Shri Vasant to whom 40 shares were allotted failed to pay anything after application and Smt. Grishma the holder of 60 shares failed to pay the two calls. Pass necessary Journal Entries.

Q.3

- (a) What are Financial Statements ? State the purposes of preparing Financial Statements. (08)
- (b) Describe the limitations of Financial Statements. (07)

OR

Q.3 Write short notes on:

1. Common-Size Statements. (08)
2. Characteristics of Financial Statements. (07)

Q.4 The Trial Balance of Ishita Ltd. as on 31st March, 2016 is as follows: (15)

| Debit Balances              | Rs.           | Credit Balances         | Rs.           |
|-----------------------------|---------------|-------------------------|---------------|
| Calls-in-arrear             | 5000          | Equity share capital    | 300000        |
| Land and Building           | 150000        | Provision for bad debts | 2000          |
| Machinery                   | 100000        | Creditors               | 30000         |
| Carriage                    | 5400          | 6% Debentures           | 25000         |
| Salary and Wages            | 40000         | GDR Bonds               | 20000         |
| Furniture                   | 30000         | Securities Premium      | 3000          |
| Bank Charges                | 100           | Unpaid Wages            | 1000          |
| Coal, Gas and Water         | 1000          | Discount                | 2000          |
| Rent                        | 6000          | Sundry receipts         | 500           |
| General Expenses            | 15000         | Sales                   | 393500        |
| Debtors                     | 82000         | Public Deposits         | 20000         |
| Opening Stock               | 55000         | Bills Payable           | 5000          |
| 10% Investment (1-10-2016)  | 30000         | Interest on Investments | 500           |
| Cash at Bank                | 5000          |                         |               |
| Cash on Hand                | 1000          |                         |               |
| Preliminary expenses        | 3000          |                         |               |
| Purchases                   | 250000        |                         |               |
| Bills Receivable            | 10000         |                         |               |
| Loss on issue of Debentures | 2000          |                         |               |
| P & L A/c (1-4-2015)        | 10000         |                         |               |
| Advance to Staff            | 2000          |                         |               |
|                             | <b>802500</b> |                         | <b>802500</b> |

**Adjustments :**

- Closing Stock was Rs. 90000.
  - Write off 50% Preliminary expenses.
  - Transfer Rs. 10000 to Reserve Fund.
  - Goods worth Rs. 2000 was destroyed by fire on 25th March, 2016, which was insured. The Insurance Company admitted a claim of Rs. 1500.
  - Authorised capital of the company is Rs. 5 lakhs, divided into 50000 Equity Shares of Rs. 10 each.
- Prepare Trading and Profit and Loss Account for the year ending 31st March, 2016 and a Balance Sheet in the form prescribed under Schedule-VI to the Companies Act, 1956.

OR

Q.4 Prepare a format of Horizontal Balance Sheet as per Part-I of Schedule-VI to the Companies Act, 1956. (15)

