

Q-1. Answer the following Questions.

- A. State provisions of company law regarding Capital Reduction.
- B. Explain preferential creditors and secured creditors .

Q-2 Draft the format of as per Revised schedule 6 of Balance sheet in vertical form with imaginary figures and also prepare necessary notes.

OR

Q-2 Vijay Ltd. Was incorporated on 1-5-2015 to take over the business of shri harish bros. form 1-1-2015. The first account of the co. were prepared on 31-10-2015.

Taking the following information into account, prepare a statement showing profit-loss prior to and after incorporation:

Commission on sale(1%)	15000	Depreciation	22500
Gross profit is 25% of sales		Debenture discount	5000
Bad debts reserve	6000	Director s fee	12500
Salaries	60000	Audit fee	7500
Rent	12500	Interest paid to vendor	8000
Advertisement		Bad debts	10000
(per month 1000)	10000	Salesmen allowance	5000
General expenses	7500	Rent Received	20,000
Preliminary expenses	10000		
Share transfer fee	1000		

Additional information

- 1) Bad debts of RS. 2500 are related to the debtors of pre-incorporation period.
- 2) Purchase value is paid to vendors on date of incorporation.
- 3) The sale of incorporation period was RS. 375000.
- 4) Rent per month RS. 1250 upto 1-5-2015, there after RS. 1500 per month. Building is purchased by the Co. on 1-10-2015.
- 5) Audit fee should be treated as an expenses of after incorporation period.