

FYBBI) II / FA / 135

Q. P. Code : 31200

(2½ Hours)

(Total Marks : 75)

- N. B. :
1. Solve all questions. Each question has **internal options**
 2. **Workings should form part of your answer.**

1. a) Match the following (Any Eight) :

(08)

	Group A		Group B
1)	Terms of redemption	a)	Not redeemable
2)	Revaluation Reserve	b)	One mode of redemption
3)	Cumulative preference shares	c)	Transfer to capital reserve
4)	Issue of shares	d)	Specify at issue
5)	Discount on buyback	e)	Not treated as fresh issue
6)	Maximum amount	f)	Not a divisible profit
7)	Capital redemption Reserve	g)	Dividend accumulated
8)	Equity Shares	h)	Net Assets Value
9)	Receipt of call money	i)	25% of capital plus free reserve
10)	Intrinsic Value	j)	Required for redemption out of profit.

b) State whether following statements are true or false (Any Seven) :

(07)

- 1) Goodwill consists of the super earning power.
- 2) A company can buy back any security.
- 3) Bonus shares can be issued out of CRR.
- 4) Debentures cannot be exchanged for new shares.
- 5) FMP is considered in valuation of Goodwill.
- 6) Equity shares can be redeemed by a company.
- 7) Debentures can be redeemed at discount.
- 8) Goodwill is fictitious asset.
- 9) After buy back, Debt- Equity ratio should not exceed 2:1.
- 10) Capital reserve is a divisible profit.

2. ST. Ltd. Provides you with following Balance Sheet as on 31st March 2017 :

(15)

Liabilities	₹	Assets	₹
3750 Equity shares of ₹100 each	3,75,000	Goodwill	52,500
Profit & Loss A/c	90,000	Land & Building	1,50,000
Sundry Creditors	1,35,000	Plant & Machinery	1,40,000
Provision for taxation	90,000	Stock	2,40,000
Bank overdraft	30,000	Sundry Debtors	1,27,500
		Bank	10,000
Total	7,20,000	Total	7,20,000

TURN OVER

Profit before providing for taxation for past five years are : 2013 – ₹ 93,000; 2014 – ₹ 97,500; 2015 – ₹ 1,05,000; 2016 – ₹ 1,25,000; 2017 – ₹ 1,52,500.

Tax rate is 40% and 15% is fair return on capital employed in such type of concerns.

Ascertain goodwill of the business by :

- Capitalization of average profits.
- Five years purchase of super profits.
- Capitalization of super profits.

OR

2. Following figures are extracted from Balance Sheet of KM Ltd. as on 31st March, 2017: (15)

Particulars	₹
Share Capital :	
i) 9% preference shares of ₹100 each	3,00,000
ii) 10,000 Equity shares of ₹10 each ₹5 paid up	50,000
iii) 10,000 Equity shares of ₹10 each 2.50 paid up	25,000
iv) 10,000 Equity shares of ₹10 each fully paid up	1,00,000
Reserves and Surplus :	
i) General Reserves	2,00,000
ii) Profit & Loss A/c	50,000
Total	7,25,000

On revaluation of assets as on 31.03.2017, it was found that they had appreciated by ₹75,000 over their value in aggregate.

You are required to calculate value of each equity share.

3. SK Ltd. a debt company, decided to buyback 1,00,000 equity shares of ₹10 each at 20% premium. The balances on account were. (15)

Particulars	₹
Share Capital	50,00,000
Securities Premium	1,10,000
General Reserve	7,00,000
Dividend Equalization Reserve	50,000
Capital Reserve	1,00,000
Capital Redemption Reserve	1,60,000
Profit & Loss A/c	6,00,000

You are required to check whether legal requirements are fulfilled and pass the necessary journal entries.

OR

3. Following is the Balance Sheet of NG Ltd.

(15)

Balance Sheet as on 31st March, 2017

Liabilities	₹	Assets	₹
Equity shares of ₹10 each	12,50,000	Fixed Assets	46,50,000
Revenue Reserve	15,00,000	Current Assets	30,00,000
Securities Premium	2,50,000		
Profit & Loss A/c	1,25,000		
Secured Loans :			
12% Debentures	18,75,000		
Unsecured Loans	10,00,000		
Current Liabilities	16,50,000		
Total	76,50,000	Total	76,50,000

The company wants to buyback maximum number of Equity Shares at maximum possible price as per applicable provisions. Calculate maximum number of shares that can be bought back and the price that can be offered for the buyback.

Also show journal entries for the buyback.

4. RK Ltd. Issued ₹ 2,00,000 redeemable preference shares at par on 1st January, 2010, redeemable at the option of the company on or after 31st December, 2015 in whole or in part. (15)

The company made following redemptions out of profit :

₹ 80,000 on 30th June, 2016

₹ 60,000 on 30th June, 2017

The company decided to redeem all the remaining preference shares on 31st December, 2017 and issued equity shares of the face value of ₹40,000 at a premium of 10% on the same date.

Pass necessary journal entries to record above transactions.

OR

4. JT Ltd. Issued 50,000 15% debentures of ₹1,000 each at ₹ 952 per debenture. The debentures are redeemable in five annual instalments of ₹200 each. It is decided to write off discount in proportion to the amount of debenture finance usage over the various years. (15)

You are asked to :

- 1) Prepare statement for write off of discount over the period of five years.
- 2) Pass appropriate journal entries for first and second year.

5. a) What are the provisions of Companies Act, 2013 about redemption of preference shares? (08)
- b) Explain methods of valuation of shares. (07)

OR

5. Write short notes on any three : (15)
- a) Capital Redemption Reserve.
 - b) Intrinsic Value Method.
 - c) Non-divisible Profits.
 - d) Capitalization of Super Profit.
 - e) Sources of buyback.