



Seat Number: - \_\_\_\_\_

Signature of Supervisor with Date:- \_\_\_\_\_

[Duration: - 2 ½ Hours]

BI65FA22

[Marks 75]

Note: -


1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Use of a simple calculator is allowed. (for Practical subjects)
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PART A

Q. 1 Multiple Choice Questions

(35)

1. Normal Profit depends upon \_\_\_\_\_  
a. Super Profits      b. Average Profits      c. Normal Rate of Return      d. Risk Factor
2. Identify the correct formula of Goodwill as per No. of years purchase method.  
a. Average Profit x No. of years Purchase      b. Normal Profit x 2      c. NRR/2      d. Excess profit
3. NRR is \_\_\_\_\_  
a. Normal rate of return      b. Normal Range of rate      c. Normal rate of range      d. Normal return Rate
4. Calculate Fair Value of Equity shares if Net Asset Value is 20 /- per share & Yield Value is 24/- per share.  
a. 22      b. 15.5      c. 18      d. 15
5. X ltd. Issued 1,000 equity shares of Rs. 100 each at 120 /- per share. The amount of premium per share will be -----  
a. 20 /-      b. 110 /-      c. 120 /-      d. 40 /-
6. Market Capitalization = \_\_\_\_\_  
a. No. of shares x Market value per share      b. No. of shares x Earnings per share  
c. EPS=MPS      d. MPS
7. Premium collected on issue of debentures is transferred to-----  
a. Dividend equalization Reserve      b. P/L Account      c. Securities premium A/c.      d. General reserve
8. A company are listed with \_\_\_\_\_  
a. SEBI      b. Recognized stock exchange      c. Government      d. ROC
9. Preference shares may be redeemed at \_\_\_\_\_  
a. Par only      b. par or at premium      c. premium only      d. At discount
10. Average profit is 25000 /-, Normal Profit is 10000/-. The amount of Super Profit will be \_\_\_\_\_  
a. 15000/-      b. 15700/-      c. 11400/-      d. 1500/-
11. Board of directors can approve Buyback upto \_\_\_\_\_  
a. 10%      b. 20%      c. 5%      d. 15%
12. The ESCROW account is to opened with \_\_\_\_\_  
a. Stock Exchange      b. Underwriter      c. Bank      d. Broker
13. Yield Value depends on \_\_\_\_\_  
a. Profit      b. Net Profit      c. Net Loss      d. Super profit
14. An asset which is not fictitious but intangible in nature having realized value.  
a. Goodwill      b. Machinery      c. Vehicle      d. Building
15. Capital redemption reserve can be created out of \_\_\_\_\_  
a. Security Premium      b. Capital Reserve      c. Statutory Reserve      d. Free Reserves
16. The shares offered free of cost are called \_\_\_\_\_  
a. M/A      b. A/A      c. Auditors      d. Central Government
17. The Company must destroy share certificates after buy back within \_\_\_\_\_.

- 
- a. 7 days                      b. 10 days                      c. 21 days                      d. 42 days
18. Value per Share as per Net Asset Value Method = \_\_\_\_\_  
 a. PBT - PD / No. of Equity Shares                      b. PAT - PD / No. of Equity Shares  
 c. PAT - PD / No. of Preference Shares                      d. PAT
19. The redemption of preference shares is governed by section ----- of the company Act.  
 a. 75                      b. 77                      c. 55                      d. 78
20. Amount of capital used by business connection to run its business activities \_\_\_\_\_  
 a. Paid up capital                      b. Authorized capital                      c. Share capital                      d. Capital employed
21. The unpaid interest on debentures should be shown as \_\_\_\_\_  
 a. Contingent liability                      b. Other current liabilities                      c. Current liability                      d. Provisions
22. Preference shareholders are entitled to dividend at ----- rate.  
 a. Fixed                      b. Variable                      c. Semi Variable                      d. Nil
23. Investment with book value 150000 /- was sold for 180000. how much amount will be debited in Bank Account ?  
 a. 240000                      b. 180000                      c. 150000                      d. 158000
24. The debt equity ratio after buy back should be \_\_\_\_\_  
 a. 4:1                      b. 1:1                      c. 2:0                      d. 2:1
25. When debenture becomes due, the claim is credited to \_\_\_\_\_  
 a. Cash account                      b. Debentures account                      c. Bank account                      d. Debenture holder account
26. The Process of Refund of preference capital is known as \_\_\_\_\_  
 a. Repayment                      b. Redemption                      c. Reissue                      d. Surrender
27. The period of preference shares cannot exceeds to \_\_\_\_\_  
 a. 8 years                      b. 5 years                      c. 7 years                      d. 20 Years
28. Capital Redemption Reserve is shown in Balance sheet under \_\_\_\_\_  
 a. Liability side                      b. Assets Side                      c. Debit Side                      d. Credit Side
- 29 DRR is required to create if company issues debentures for the term more than \_\_\_\_\_  
 a. 20 Months                      b. 18 Months                      c. 15 Months                      d. 24 Months
30. Sinking Fund A/c for redemption is shown under \_\_\_\_\_  
 a. Reserves                      b. Secured Loans                      c. Unsecured Loans                      d. Fixed Assets
31. Profit/ Loss on sale of Sinking Fund Investment is transferred to \_\_\_\_\_  
 a. Sinking Fund A/c                      b. Security Premium A/c                      c. Profit/Loss A/c                      d. General Reserve
32. Capital Reserve is \_\_\_\_\_  
 a. Current Year's Profit                      b. Past Profit                      c. Capital Profit                      d. Divisible Profit
33. The amount of interest on 10% Debentures of 500000/- for one year will be \_\_\_\_\_  
 a. 50000 /-                      b. 45000 /-                      c. 4800 /-                      d. 79000 /-
34. Maximum buy back in year can be \_\_\_\_\_  
 a. 10%                      b. 20 %                      c. 25%                      d. 30%
35. Debt Equity Ratio After buy back should be \_\_\_\_\_  
 a. 2:1                      b. 3:1                      c. 1:1                      d. 5:1

**Answer Sheet for Multiple Choice Questions**

Q. No.	Ans.	Q. No.	Ans.	Q. No.	Ans.	Q. No.	Ans.	Q. No.	Ans.	Q. No.	Ans.	Q. No.	Ans.
1		6		11		16		21		26		31	
2		7		12		17		22		27		32	
3		8		13		18		23		28		33	
4		9		14		19		24		29		34	
5		10		15		20		25		30		35	

Marks Obtained: - \_\_\_\_\_

Signature of the Examiner: - \_\_\_\_\_

[Duration: - 2 ½ Hours]

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**PART B**

**Q.2 - Answer the Following - (Any One out of Three)**

**(10)**

1. Calculate value of Goodwill of XYZ Ltd, for 3.5 years purchase based on Weighted Average method. The profit of last five years are as under :-

Year	2016	2017	2018	2019	2020
PAT	140000	135000	-20000	120000	50000
Weight	5	3	1	2	4

2. Calculate Value per Equity Share using Yield Value Method.  
10%, Preference Capital – 320000, Equity Share Capital - 400,000 /-  
N.R.R – 10 %, Tax Rate – 90000/-, Average Profit before Tax – 180000
3. Profit after tax for the last five years were 80000 /- , 85000/-, 95000/-, 92000/-, 100000/-.  
Opening Capital is 350000 /- ; Closing capital is 400000/-  
NRR is 15% .  
Calculate the value of Goodwill based on Capitalization of super profits.

**Q.3 - Answer the Following - (Any One out of Three)**

**(10)**

1. The Details of **Ayush Ltd.** is as under:-

Equity Share capital (Face Value 10 /- each) Fully Paid up	500000
Profit/ Loss A/c	250000
General Reserves	100000
Security Premium	50000
Cash	640000

Company plans to buy back 5000 shares with Face 10/- at 13 /- per share. For the purpose of Buyback the company plans to take an amount from free reserves.

Pass the necessary journal Entries after checking necessary conditions of Buyback.

2. The Balance sheet of **Reliance Ltd.** Is as under:-

Liabilities	Amount	Assets	Amount
Equity Share Capital (FV – 10)	300000	Fixed Assets	400000
Preference Capital	50000	Current Assets	350000
P/L A/c	10000		
Debentures	280000		
General Reserves	90000		
Bank Loan	20000		
	<b>750000</b>		<b>750000</b>

The offer Price is 20 /- per share Calculate Number of Share a company can buy back using provision of limits of buy back.

3. Explain Procedure for Buyback.

**Q.4 - Answer the Following - (Any One out of Three)**

(10)

1. ABC Ltd. is planning to redeem 50000, preference shares of 12 /- each. For the purpose of redemption the company will utilize Revenue reserves. The amount available in Profit/Loss A/c is 100000/-. Investments costing 1, 40,000/- were sold at 1,35, 000 /- . Pass the necessary journal entries,

2 . Dhruv Ltd. is planning to redeem 5000 preference shares of 10 /- each at 12 /- per share. For the purpose of Redemption the company will issue equity shares for 60,000/-. The amount available in the security premium account is 15,000/-. Pass the necessary journal Entries.

3 What are the various types of Preference shares?

**Q.5 - Answer the Following - (Any One out of Three)**

(10)

1. Write a Short note of Methods of Redemption of Debentures.

2. Nishant Ltd. is 10,000, 14% Debentures of 100/- each on 1<sup>st</sup> April 2016, repayable at premium @10% after 2 Years.. On 31<sup>st</sup> March 2018 Balance in D.R.R account is 2,00,000/-. Pass necessary journal entries on the due date of redemption.

3. The Company gave notice for redemption of 2,00,000, 11% debentures of 100/- each at par and it gave following options to holders:-

- To accept 15% debentures of 100/- each
- To redeem debentures at cash
- To accept 10% preference shares of face value 100/- per share.

1, 00,000 Shareholders accepted the first proposal & 50,000 accepted the 2nd proposal and the remaining accepted 3rd proposal.

Pass Journal Entries in the books of the company.

**XXXXXXXXXXXXXXXXXXXXXXX**