

TIME: 3 HOURS

MARKS: 100

- N.B.: 1. Figures to the right indicate full marks.  
2. Working notes to form a part of your answer.

Q.1 A) Select the appropriate answer from the following. [Any 10] (10)

- 1) Interest Accrued but not due on bank loan appears in Balance Sheet under the head of
  - a) Trade Payables
  - b) Short Term Borrowings
  - c) Other Current Liabilities
  - d) Short Term Provisions
- 2) Arrears of Preference dividend is not paid in the Internal Reconstruction Scheme,
  - a) Debited in Capital Reduction Account
  - b) Credited in Capital Reduction Account
  - c) No entry appears
  - d) Debited in Preference share Capital Account
- 3) Investment Accounting is governed by
  - a) AS 13
  - b) AS 11
  - c) AS 14
  - d) AS 2
- 4) Buy back of shares results in
  - a) Reduction of Share Capital
  - b) Increase in Share Capital
  - c) Increase in Goodwill
  - d) Increase in General Reserve
- 5) One of the following is not regarding the Internal Reconstruction
  - a) No Formation of a New Company
  - b) Reduction of Liability
  - c) Reduction of Capital
  - d) Liquidation of Company
- 6) Whistle Blowing is
  - a) Whistle for Traffic clear
  - b) An act of involving in illegal Activities
  - c) Not Reporting illegal activities
  - d) An act of reporting illegal Activities
- 7) CSR stands for
  - a) Co Operative Social Responsibility
  - b) Corporate Social Responsibility
  - c) Common Service Responsibility
  - d) Corporate Service Reporting
- 8) Copy Rights is shown in Company Balance Sheet under the head of
  - a) Other Non Current Assets
  - b) Intangible Assets
  - c) Inventories
  - d) Current Investments.
- 9) One of the following is not a fixed income investment
  - a) Debentures
  - b) Equity Shares
  - c) State Government Bonds
  - d) Central Government Bonds
- 10) One of the following is not the sources of buy back of shares
  - a) Capital Redemption Reserve
  - b) Capital Reserve
  - c) Profit and Loss Account
  - d) Statutory Reserve
- 11) Ex interest price and Cum interest price are the prices relating to
  - a) Goodwill
  - b) Equity Shares
  - c) Preference Shares
  - d) Debentures
- 12) One of the following is not the ethics of Professional Accountant
  - a) Accuracy
  - b) Accountability
  - c) Values
  - d) Frauds

Q.1 B) Match the following items from table A and B ( Any 10) (10)

Column A	Column B
1. Balance in Capital Reduction Account	a) Added to the cost of investment
2. Goodwill written off	b) Increase in number of shares
3. Partly paid Equity Shares	c) Set of Standards and Principles
4. Wages and Bonus	d) Premium on buy back of shares written off
5. Loose tools	e) Excluding interest
6. Pre-Acquisition dividend	f) Transferred to Capital Reserve Account
7. Post-Acquisition Dividend	g) Cannot be bought back
8. General Reserve	h) Employees Benefit Expenses
9. Security Premium	i) Inventories
10. Code of ethics	j) Revenue Receipts
11. Sub division of Shares	k) Debited to Capital Reduction Account
12. Ex Interest price	l) Free Reserve
	m) Transferred to General Reserve Account

Q.2 Following is the list of balances extracted from books of Canisha Ltd. as on 31<sup>st</sup> March, 2022. (20)

Particulars	Rs.	Particulars	Rs.
Premises	20,00,000	Sales	23,40,000
Stock (1 <sup>st</sup> April, 2021)	4,50,000	6% Debentures	18,00,000
Furniture	43,200	Surplus A/c (Credit)	87,000
Debentures Interest Paid	54,000	Sundry Creditors	3,00,000
Plant and Machinery	18,00,000	Bills Payable	2,28,000
Interim Dividend Fund	2,25,000	General Reserve	1,50,000
Sundry Debtors	5,02,000	Provision for Doubtful Debts (On 1 <sup>st</sup> April, 2021)	21,000
Bad Debts	12,660	Subscribed and Paid up Capital	24,00,000
Goodwill	2,03,000		
Cash and Bank balance	1,09,900		
General Expenses	41,010		
Purchases	11,10,000		
Preliminary Expenses	6,000		
Wages	5,09,190		
Advertising	60,000		
Freight Outward	78,690		
Salaries	87,000		
Director's Fees	34,350		
	<b>73,26,000</b>		<b>73,26,000</b>

The following adjustments have to be made:

1. Stock on 31<sup>st</sup> March, 2022 was valued at Rs. 6,00,000.
2. Goods to the value of Rs. 15,000 were distributed as free samples during the year. But no entry in this respect has been made.
3. Provide for half year's debenture interest.
4. The provision for doubtful debts on 31<sup>st</sup> March should be equal to 1% on sales.
5. Director's Fee is outstanding to the extent of Rs. 2,000 and Salaries Rs. 5,000.
6. Depreciate Premises by 2%, Plant and Machinery by 5% and write off Rs. 7,200 on Furniture.
7. Write off Preliminary expenses.

You are requested to prepare Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2022 and the Balances Sheet as at that date.

OR

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Q.2 A) The following is an abstract of Balance Sheet of X Ltd as on 31<sup>st</sup> March, 2022. (10)

Liabilities	Amount
1,00,000 Equity Share Capital of Rs. 10 each	10,00,000
4,000 8% Preference Share Capital of Rs. 100 each fully paid	4,00,000
9% Debentures of Rs. 100 each	2,00,000
Creditors	1,00,000
	17,00,000

Note: Preference Dividend is arrears for a year

It was decided to reconstruct the company for which the following scheme was approved by court:

1. Equity share capital be reduced to Rs. 6 each fully paid up.
2. Preference Shareholders agreed to accept 10% Preference Share Capital amounting to Rs. 3,00,000 and arrears of preference dividend were to be paid off completely.
3. 9% Debentures shall be converted into equal numbers of 12% Debentures of Rs. 75 each.

You are required to:

Pass Journal Entries and prepare Capital Reduction A/c

Q.2 B) Following is the Balance Sheet of Manish Ltd. as on 31<sup>st</sup> March, 2022. (10)  
Balance Sheet As on 31<sup>st</sup> March, 2022

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (Share of Rs. 10 each)	3,20,000	Fixed Assets	5,60,000
6% Preference Share Capital	80,000	Investments	1,20,000
Security Premium	80,000	Bank balance	6,00,000
Profit and Loss A/c	1,20,000	Other Current	1,20,000
8% Debentures	1,60,000	Assets	
Bills Payables	5,60,000		
Creditors	56,000		
Other Current Liabilities	24,000		
	<b>14,00,000</b>		<b>14,00,000</b>

Keeping in view of all the legal requirements, ascertain the maximum number of equity share, the company can buyback at Rs. 12 per share, being the current market price. Assuming that buyback is actually carried out. Pass necessary journal entries to record the above transactions.

Q.3 Following is the summarised Balance Sheet of Akansha Ltd. as on 31<sup>st</sup> March 2022 (20)

Liabilities	Rs	Assets	Rs
Equity shares of Rs. 10 each fully paid	5,00,000	Goodwill	1,50,000
8% Cumulative Preference shares of Rs.10 each fully paid	4,00,000	Building	3,00,000
7% Debentures of Rs. 100 each	2,50,000	Equipments	1,30,000
Creditors	2,10,000	Investments	60,000
Loan from directors	30,000	Inventories	2,25,000
		Debtors	1,60,000
		Cash & Bank	50,000
		Profit and Loss Account	3,15,000
	<b>13,90,000</b>		<b>13,90,000</b>

There is contingent liability of Rs. 10,000.

Following scheme of Internal Reconstruction was approved by the Court:

1. 8% Preference Shares to be reduced by Rs.4 per share and final call was made immediately to make it fully paid of Rs.10.
2. Equity shares to be reduced by Rs. 6 per share. Face value being the same.

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3. The Debenture holders agreed to forego their claim by 20% and to accept 8% Preference Shares of Rs.10 each for the remaining.
4. Contingent liability was settled at Rs. 5,000.
5. Investments were sold for Rs.50,000.
6. Loan from directors was settled at 50%.
7. Tangible Fixed assets be revalued as under: Building at Rs.3,20,000 ; Equipments at Rs.1,20,000.
8. Accumulated loss and Intangible assets to be written off.

Pass Journal Entries (without narration) and prepare Capital Reduction A/c and Notes on Share capital in the books of Akansha Ltd. after Reconstruction.

**OR**

Q.3 A) From the following information of Mahesh Ltd. prepare the Statement of Profit and Loss of the Company for the year ended 31st March 2022 as per the provisions of the Companies Act 2013. (10)

Particulars	Rs.
Sales	20,50,000
Interest Received on Fixed Deposits	2,00,000
Cost of Materials Consumed	5,00,000
Opening Stock of Finished Goods	2,00,000
Closing Stock of Finished Goods	1,00,000
Salaries and Wages	1,20,000
Staff Welfare Expenses	30,000
Interest on Debentures	50,000
Interest on Loan from SBI	30,000
Depreciation on Machinery	30,000
Depreciation on Office Furniture	20,000
General Expenses	5,000
Electricity Charges	12,000
Salesman Commission	15,000
Discount Allowed	5,000
Carriage Outward	6,000
Sales Return	50,000
Repairs and Maintenance	25,000
Insurance	20,000
Rent	24,000
Audit Fees	25,000
Advertisement Expenses	30,000
Provision for Income Tax	2,53,000

Q.3 B) On 1st April 2021, Mansi had 8,000 Equity shares of Precious Ltd. at a book value of Rs. 15 per share (Face value Rs.10 each). She provides you the further information: (10)

- i. On 10th April 2021 she purchased another 4,000 Equity Shares of Precious Ltd. at Rs.16 per share.
- ii. On 31st August, 2021 the Directors of Precious Ltd. announced a right issue which entitled the holders to subscribe three shares for every twelve shares held at Rs. 15 per share. Shareholders can transfer their right in full or in part. Mansi sold 1/6th of entitlement to Ajay for a consideration of Rs. 2 per share and subscribe the rest on 5th September, 2021.
- iii. Dividend for the year ended 31st March, 2021 was declared @20% by Precious Ltd. and received by Mansi on 30th September, 2021.

You are required to prepare Investment in Equity Shares of Precious Ltd A/c in the books of Mansi for the year ending 31<sup>st</sup> March, 2022. (Apply AS-13)

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Q.4 On 1<sup>st</sup> June, 2021 Mr. Abhay Kumar purchased Nominal Value Rs. 1,00,000, of 6% Government Bonds (interest payable on 1st April, 1st July, 1st October and 1st January) at Rs.91 cum-interest each (face value Rs 100.) (20)

On 1st November, Rs. 20,000 Bonds are sold at Rs. 93 cum-interest per bond.  
On 1st December Rs. 10,000 Bonds are sold at Rs. 100 ex-interest per bond.  
On 31st March 2022, the market price per Government Bond was Rs. 80.

Prepare Investment in 6% Government Bonds Account in the books of Mr. Abhay Kumar for the year ended on 31st March, 2022. ( Apply AS-13)

**OR**

Q.4 Following is the Balance Sheet of Vasant Ltd. as on 31<sup>st</sup> March 2022. (20)  
Balance Sheet As on 31<sup>st</sup> March, 2022

Liabilities	Rs.	Assets	Rs.
Equity Share capital (Shares of Rs. 100 each)	50,00,000	Fixed Assets	80,00,000
Securities Premium	10,00,000	Investments	30,00,000
General Reserve	22,00,000	Debtors	15,00,000
Profit and Loss A/c	28,00,000	Stock	25,00,000
8% Debentures	40,00,000	Bank balance	40,00,000
Creditors	30,00,000		
Bills Payables	10,00,000		
	<b>1,90,00,000</b>		<b>1,90,00,000</b>

Keeping in view all the legal requirements ascertain:

1. The maximum number of equity shares that Vasant Ltd. can buy back.
2. The maximum price it can offer.

Pass journal entries and prepare its Balance Sheet thereafter. Show necessary notes.

- Q5) a) Discuss and explain the concept of Ethics with reference to Corporate Ethics. (10)  
b) Distinguish between Internal Reconstruction and External reconstruction. (10)

**OR**

Q5) Write Short Notes (Any Four) (20)

- 1) Methods of Internal Reconstruction
- 2) Disclosure of Reserves & Surplus in Company Balance Sheet
- 3) Maximum Limits of Buyback
- 4) Ex-Interest & Cum-Interest Price
- 5) CSR

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