

Time: 3 Hr.

Marks : 100

- N.B. :**
- 1) All questions are compulsory.
 - 2) Each question has internal option.
 - 3) Figures to right indicates full marks.
 - 4) Working notes are part of your answer.

Q.1. (A) State whether the following statements are True or False (any Ten)

1. The buy back of shares has to be authorised by Articles of Association.
2. Internal reconstruction involves reduction in capital.
3. Amount paid on Forfeited shares is added to paid-up capital in the Balance Sheet.
4. When the rights are sold without subscribing, no entry is made in Investment A/c.
5. Equity shares can be bought-back out of Free reserves.
6. Capital Reserve is a non-free reserves.
7. Any company can undertake capital reduction.
8. Liability in respect of bills discounted is not an Example of contingent liability.
9. Short-term investments are carried at its cost price only.
10. No company shall buy back its own shares unless the buyback is less than 10% of the total paid-up capital and free Reserves of the Company.
11. In Internal reconstruction, amount of shares surrendered by shareholders is transferred to General Reserve Account.
12. In Ethical views, ethics remain same at all the time and every place

Q.1.(B) Fill in the blanks choosing the correct alternative. (any ten)

1. As per AS 13, the cost of investment sold is to be calculated as per method. (FIFO, LIFO) weighted average, simple average)
2. The components of workplace ethical behaviour are (honesty, legality, disclosure, all of these)
3. The carrying amount of long term investment is to be shown at (cost, market value, face value, cost or market value whichever is lower)
4. Charging cost of family dinner to be company is , (misappropriation of assets, fraudulent reporting, ethical reporting, all of these)
5. The amount not collected by shareholders should be shown as (current liabilities, capital reserve, share capital, reserve capital)
6. Before buyback, all the shares must be (partly paid up fully paid up fully subscribed, forfeited)
7. The ethical issues faced by the accountants include (accuracy, accountability, values and moral, all of these)
8. Payment of dividend is based on capital. (paid up, authorised, issued, reserve)

9. Schedule III of Companies Act 2013 requires profit and loss account to be prepared in
(horizontal form, vertical form, convenient form, columnar form)
10. Interim dividend of a company can be declared by
(shareholders, board of directors, managing director, SEBI)
11. The scheme of Internal reconstruction required sanction from
(shareholders, articles of association, court, all of these)
12. Z Ltd. has 8000 equity shares of Rs.100 each fully paid. Each share is sub-divided into equity shares of Rs.10 each. The number of share after sub-division will be
(8000, 80000, 75000, 60000)

Q.2. The following is the Balance Sheet of Falguni Limited as on 31st March, 2018.

(20)

Liabilities	Amount	Assets	Amount
Share Capital :			
1,00,000 Equity Shares of Rs.10 Each	10,00,000	Land & Building	6,50,000
10% Preference shares of Rs.100 Each	4,00,000	Plant & Machinery	6,00,000
12% Debentures	7,50,000	Furniture	35,000
Bank overdraft	50,000	Goodwill	25,000
Sundry Creditors	1,40,000	Patent	15,000
Bills Payable	60,000	Stock	80,000
		Sundry Debtors	90,000
		Bills Receivable	15,000
		Profit & Loss A/c.	8,00,000
		Preliminary Expenses	90,000
	24,00,000		24,00,000

The Shareholders and the board of Directors sanctioned the scheme of reconstruction and the following adjustment should be considered. Preference dividend are in arrears for four years.

1. The preference shares are to be reduced to Rs.50 each and equity shares to Rs.2 each.
2. Of the preference dividend in arrears 75% to be waived and remaining to be paid in cash.
3. The debenture holders to take over plant and machinery at Rs.6,50,000 in part satisfaction of their claim and balance amount due to them to be converted to 13% debentures.
4. Bills payable to be paid off and the creditors agreed to waive Rs.20,000
5. All intangible and fictitious Assets to be written off.
6. The following Assets to be valued as follows : Furniture Rs.30,000, Stock Rs.60,000, land and building Rs.6,00,000, Sundry Debtors Rs.70,000
7. The company obtained a secured loan of Rs.1,50,000 at the rate of 12% interest by mortgaging land and Building, for repayment of bank overdraft, bills payable and reconstruction expenses amounted to Rs.20,000. Pass necessary journal entries to record the above scheme and prepare Capital Reduction Account and Balance Sheet after reconstruction.

OR

Q.2. Following is the summarised Balance Sheet of Solar Electronics Limited as on 31st March, 2019 (20)

Liabilities	Rs.	Assets	Rs.
Share Capital Authorised: 1,00,000 Equity Shares of Rs.10 Each.	10,00,000	Equipment's	12,00,000
Issued : 40,000 Equity Shares of Rs.10 Each	4,00,000	Computer Software	4,00,000
Reserves :		Loans and Advances	3,00,000
General Reserves	4,00,000	Trade Receivables	1,50,000
Profit and Loss Account	6,00,000	Factory Building	6,00,000
Securities Premium	2,00,000	Security Deposit	1,50,000
11% Debentures	14,00,000	Cash on Hand	7,00,000
Bank Term Loan	6,00,000	Balance with Banks	2,00,000
Creditors	1,00,000		
	37,00,000		37,00,000

The company decided to buyback the maximum number of equity shares at the maximum possible price under the law as on 31st March, 2019.

Assuming that the Buyback of shares is duly authorised by its articles and necessary resolution is passed by the company towards this buyback; pass necessary Journal Entries in the books of the company. Also prepare Notes to Accounts with respect to Share Capital and Reserves and Surplus as they would appear in Notes forming part of Balance Sheet of the Company as on 31st March, 2019. (Do not prepare Balance Sheet)

Q.3 Following is the Trial balance of Devakinandan Ltd. as on 31st March, 2019. (20)

Particulars	Debit Rs.	Credit Rs.
20000 Equity shares of Rs.100 each fully paid up		20,00,000
10000 10% Pref. Shares of Rs.100 each		10,00,000
General Reserve		1,00,000
Public deposits		25,000
8% Debentures of Rs.100 each fully paid up		10,00,000
Profit & Loss account (Cr)		1,50,000
Provision for tax		25,000
Sundry Creditors		75,000
Bills Payables		25,000
Advance received from customer		12,000
Bank overdraft (State bank of India)		35,000
Loan from IDBI		1,28,500
Fixed Assets (Net block)	38,70,000	
Investment in shares of TCS LTD.	3,25,000	
Stock on 31st March 2019	1,20,000	
Bank balance with bank of Maharashtra	1,20,000	
Cash in hand	27,500	

Advance to supplier	40,000	
Short term investments	20,000	
Bills Receivable	18,000	
Sunday Debtors	35,000	
	45,75,500	45,75,500

Additional information :

- 1) Authorised share capital of the company is divided into 50000 equity shares of Rs.100 each and 20000 10% preference shares of Rs.100 each.
- 2) Debentures are secured against the fixed asset of the company.
- 3) Debtors includes debtors Rs.7500 which are due for more than six months.
- 4) Stock on 31 March 2019 includes following.

Raw Material	Rs.35,000
Finished goods	Rs.65,000
Work in progress	Rs.20,000
- 5) Preference dividend for last five years is in arrears.
- 6) Creditors includes creditors for expenses Rs.4,500
- 7) Bills Receivables includes a dishonoured bill of Rs.2,000

On the basis of given information prepare balance sheet as on 31st March, 2019 as per revised schedule III of Companies Act.

OR

Q.3. A) Following information is available from the books of Pranali Ltd.

(10)

	Rs.
80,000 Equity Shares of Rs.10 each Rs.8 Paid up	6,40,000 - 800,000
General Reserve	1,00,000
Profit and Loss account	4,60,000
Securities Premium	2,40,000
10% Debentures	2,00,000
Secured long term loan	2,00,000

Keeping in view all the legal requirements ascertain :

- a) Maximum number of Equity Shares which company can buy back at offer price of Rs.25 per share.
- b) Prepare notes to accounts of Reserve and Surplus.

Q.3. B)

(10)

On 1/4/2018 Sanket had 50,000 equity shares in Tata Ltd. The face value was Rs.10 each but the book value was Rs.24 per share.

On 1/6/2018 he purchased 10,000 equity shares in Tata Ltd. at a premium of Rs.6 per share.

On 1/7/2018 the directors of Tata Ltd. issued bonus shares at the rate of one share for every three shares held.

On 1/1/2019 he purchased 5000 right shares in Tata Ltd. Rs.10 each at Rs.15 per share.
On 31/1/2019 he sold 20,000 equity shares in Tata Ltd. of Rs.10 each at Rs.30 per share.

Prepare Investment in Equity Shares of Tata Ltd. Account as it would appear in Sanket's books for the year ended 31st March, 2019.

- Q.4. During the year end 31st March 2019 Mr. Ravi bought and sold the following (20) 12% Debentures of Rs.100 each of ABC Ltd. Interest being payable by ABC Ltd. on 1st April and 1st October each year.**

Date	Particulars
1/6/18	Bought 1050 debenture at Rs.95 ex-interest
1/9/18	Bought 350 debentures at Rs.90 cum-interest
1/12/18	Sold 700 debentures at Rs.95 ex-interest
1/2/19	Bought 500 debentures at Rs.96 ex-interest.

Books are closed on 31st March every year. Market price on 31st March, 2019 was Rs.90 per debenture. You are required to prepare investment in 12% debenture in ABC Ltd. account for the year Apply AS-13.

OR

- Q.4.(A) From the following Trial Balance as at 31.3.2019 of Mr.Ganesh Modak Ltd., and (10) the adjustments given prepare the final accounts of the company.**

Particulars	Dr.Rs.	Cr.Rs.
Called up Capital 15000 shares of Rs.10 each		1,50,000
Securities premium		30,000
Capital Reserve		17,500
General reserve		35,000
Stock as on 1.4.2018	1,00,000	
Purchases and sales	5,12,500	7,20,000
Return Inwards and Return outwards	7,500	12,500
Profit and Loss statements 1.4.2018		7,500
Plant and Machinery	75,000	
Building	1,00,000	
Motor Van	50,000	
Debtors and Creditors	81,500	50,000
Bank Interest (paid & received)	3,000	500
Loan from Bank (secured)		62,500
Bill payable		14,250
Cash at Canara Bank	20,000	
Cash in Hand	2,250	
Share issue Expenses	15,000	
Manufacturing Wages	45,000	
Gas and Fuel	30,000	

Directors fees	5,000	
Auditors Fees	3,000	
Administrative expenses	15,000	
Salaries	25,000	
Insurance	3,750	
Maintenance of motor van	6,250	
	10,99,750	10,99,750

Closing Stock as on 31.3.2019 was Rs.1,57,500

You are asked to prepare the balance sheet of Mr.Ganesh Modak Ltd. as on 31st March, 2019, giving the information required by the companies Act.of 2013.

Q.4.B) Following is the balance sheet of Nilesh Ltd. as on 31st March,2018.

(10)

Liabilities	Amount	Assets	Amount
11,200 equity shares of Rs.100 each	11,20,000	Buildings	7,50,000
9% preference shares of Rs.100 each	3,50,000	Machinery	4,40,000
10% Debentures	2,80,000	Cash	5,02,000
Creditors	1,75,000	Inventory	2,27,000
Bank overdraft	1,75,000	Debtors	1,44,000
		Preliminary Expenses	20,000
		Profit & Loss Account	17,000
	21,00,000		21,00,000

The board of directors decided to go in for internal Reconstruction with the approval of the shareholders. Following adjustments should be considered.

1. Equity share is reduced to Rs.70 each and preference shares reduced by Rs.20 each.
2. Preference dividend and debenture interest is outstanding for current year and it is to be paid off immediately.
3. Machinery is to be valued at Rs.4,50,000
4. Bank waived Rs.20,000
5. Write off Fictitious Assets

Pass necessary journal Entries in the book of Nilesh Limited.

Q.5. a) Discuss the implications of unethical behavior for financial reports. Explain the effects of unethical behaviour on financial reporting. (10)

b) Discuss and explain the Principals Versus Rule based approaches of Ethical Behaviour. (10)

OR

Write short notes (any four)

(20)

- a) CSR
- b) Disclosure of Tangible Assets in Company Balance Sheet.
- c) Internal Reconstruction Vs. External Reconstruction.
- d) Maximum Limits on Buyback
- e) Principal based approach to Professional Code of Ethics.
- f) Pre-acquisition dividend.

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