

m-v

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 31st March, 2022. (20)

| Particulars | Rs. | Particulars | Rs. |
|-------------------------------------|------------------|--|------------------|
| Premises | 20,00,000 | Sales | 23,40,000 |
| Stock (1 st 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 | 21,000 |
| Bad Debts | 12,660 | Debts (On 1 st April, 2021) | |
| Goodwill | 2,03,000 | Subscribed and Paid up | 24,00,000 |
| | | Capital | |
| 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 | | |
| | 73,26,000 | | 73,26,000 |

The following adjustments have to be made:

1. Stock on 31st 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 31st 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 31st March, 2022 and the Balances Sheet as at that date.

OR

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

Balance Sheet As on 31st 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 Assets | 1,20,000 |
| 8% Debentures | 1,60,000 | | |
| Bills Payables | 5,60,000 | | |
| Creditors | 56,000 | | |
| Other Current Liabilities | 24,000 | | |
| | 14,00,000 | | 14,00,000 |

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 summerised Balance Sheet of Akansha Ltd. as on 31st 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 |
| | 13,90,000 | | 13,90,000 |

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.

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 31st March, 2022. (Apply AS-13)

Q.4 On 1st 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 31st March 2022. (20)
 Balance Sheet As on 31st 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 | | |
| | 1,90,00,000 | | 1,90,00,000 |

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
