

Time : 3 Hours

Marks : 100

- N.B.**
1. All Questions are compulsory.
 2. Figures to the right indicate full marks.
 3. Use of Simple calculator is allowed.
 4. Working notes should form part of your answer.

Q1 A State whether the following statements are True or False (Any Ten) (10)

- 1) AS 14 is applicable for the Investment Accounting
- 2) Partly paid-up shares can be bought back
- 3) General Reserve is a non-free reserve
- 4) Sundry Creditors are shown in Trade Payables
- 5) Company is not liquidated in Internal Reconstruction
- 6) Company has to spend 5% of the Net Profit for the Corporate Social Responsibility
- 7) Ethics are the rules which should be followed by all
- 8) Profit and Loss Account and Security premium are also the sources of buy back of shares
- 9) Loss on sale of investment is debited to profit and Loss Account
- 10) In Company Balance Sheet, Capital Reserve is shown in the head of Share Capital.
- 11) Claims forgone by creditors are debited in the capital reduction account
- 12) Computer Software is the intangible asset.

Q1 B Rewrite the following sentences choosing the correct answer (Any Ten) (10)

- 1) Interest on Debenture is calculated on _____ (Market Price /Face Value /Fair Value)
- 2) Bills Payable is shown under _____ (Inventories/Other current Liabilities/Trade Payables)
- 3) The word 'ethics' is derived from _____ (Latin/French/Greek)
- 4) Statutory Audit is conducted by _____ (Director/internal Auditor/External Auditor)
- 5) Employee Salary is shown under _____ (Finance Costs/Employee Benefits Expense/Other Expenses)
- 6) Interest on Bank Loan paid is shown under (Other Expenses/Other Income/ Finance Costs)
- 7) Sub division of shares is _____ (Value of shares reduced/ Value of Shares Increased/No Changes in Value of shares)
- 8) Debt Equity Ratio after buy back of shares should be in __ (1:1/ 1:2/ 2:1)
- 9) Surrender of shares means _____ (Giving up possession of shares/Forfeiture of shares/Buyback of shares)
- 10) Dividend on Equity Shares are ascertained on the basis of _____ (Authorised Capital/Paid up Capital/Issued Capital)
- 11) Before Buy back all the shares must be _____ (Fully paid up/ Partly paid up/ Fully subscribed)
- 12) Cheque on hand should be shown under the head of _____ (Other Current Assets/ Inventories/ Cash and Cash Equivalents)

Q2 A Trial Balance as at 31.3.2022 of GAGAN Ltd is as under.

(20)

Particulars	Debit (Rs.)	Credit (Rs.)
Stock as on 1.4.2021	1,00,000	
Purchases and Sales	4,82,500	7,60,000
Return Inwards and Return outwards	7,000	12,500
Machinery	75,000	
Factory Building	1,00,000	
Computer	50,000	
Sundry Debtors and Creditors	81,500	63,000
Bank Interest paid	3,000	
Cash at Bank	20,000	
Cash in hand with cashier	5,500	
Share issue Expenses	15,000	
Productive Wages	45,000	
Fuel	30,000	
Directors Sitting fees	5,000	
Audit fees	3,000	
Administrative expenses	15,000	
Salaries	25,000	
Stock Insurance	3,750	
Repairs to Computer	6,250	
Loan from Bank (secured)		27,000
Called up Capital. 1,200 shares of 100 each		1,20,000
Securities premium		30,000
General reserve		35,000
Profit and Loss statement balance 1.4.2021		25,000
Total	10,72,500	10,72,500

Closing Stock as on 31.3.2022 was 1,53,000.

Trade Payables include Rs. 10,000 outstanding dues of micro enterprises and small enterprises.

Prepare statement of Profit and Loss for the year ended 31st March, 2022 and Balance sheet as on that date of GAGAN Limited as per the requirement of Companies Act of 2013.

OR

Q2 B The following is the Balance Sheet of Vaibhav Shipping Limited as at 31st March, 2022

(10)

Liabilities	Rs.-	Assets	Rs.
Share Capital :		Fixed Assets:	1200000
1,00,000 Equity Shares of Rs.10 each fully paid	10,00,000		
Reserve and Surplus:		Investment in Bonds	3,00,000

Security Premium	3,00,000	Current Assets, Loans and Advances	
General Reserves	4,00,000	Other current Assets	4,00,000
Profit and Loss Account	3,00,000	Bank Balance	9,00,000
Secured Loan:			
10% Debentures	5,00,000		
Unsecured Loans	1,00,000		
Current Liabilities and Provisions:			
Creditors	2,00,000		
Total	28,00,000	Total	28,00,000

The company decides to buy back the maximum number of equity shares as may be permitted by law at a price of Rs. 20 per share, being the current market price. Pass journal entries in the books of Vaibhav Shipping Limited assuming that buy back is carried out. (Do not prepare Balance Sheet).

Q2 C On 1st February 2022, Ms. Urvi bought 100, 12% Debentures of SJ Ltd. Rs. 94 each ex-interest. On 30th April 2022 she again purchased 250, 12% Debentures at Rs. 103 each cum-interest. On 1st November 2022 she sold 150 Debentures at Rs. 99 each ex-interest. (10)

Interest is paid half-yearly on 30th June and 31st December, every year.

Prepare Investment in 12% Debentures Account in the books of Ms. Urvi. for the year ended 31st March 2023. Notes should be part of your answer.

Q3 A Mr. Swanand was dealing in 12% Debentures of RS Ltd having face value Rs. 100 each. He furnished the following details about its transactions: (20)

- 01/04/2022- Opening balance- 3,000 Debentures, cost Rs. 2,50,000
- 01/06/2022- Purchased 1,200 Debentures at Rs. 96 each Cum Interest.
- 01/08/2022- Sold 500 Debentures Rs. 99 each Cum Interest.
- 01/12/2022- Purchased 800 Debentures at Rs. 93 Ex Interest.
- 01/02/2023- Sold 1500 Debentures Rs. 90 each Ex- Interest.

Interest being payable on 31st March and 30th September every year. The market value of the Debentures on 31st March 2023 was at Rs. 93 each. Debentures are valued at lower of cost or market price.

Prepare Investment in 12% Debentures Account for the year 2022-23. Apply AS-13.

OR

Q3 B Following is the Balance sheet of TQM Ltd. as on 31st March, 2023. (20)

Liabilities	Rs.	Assets	Rs.
Equity Share capital (Shares of Rs. 100 each)	50,00,000	Fixed Assets	75,00,000
10% Preference Share Capital	10,00,000	Goodwill	5,00,000
Bank Loan	22,00,000	Investments	30,00,000
		Debtors	15,00,000

O/s Salaries	28,00,000	Stock	25,00,000
8% Debentures	40,00,000	Bank balance	36,00,000
Creditors	30,00,000	Preliminary Exp.	4,00,000
Bills Payables	10,00,000		
	1,90,00,000		1,90,00,000

Note: - Preference dividend is in arrears for three years.

The following scheme of reconstruction was submitted & approved by the court.

1. Equity Shares of Rs.100/- each fully paid were reduced to the denomination of Rs. 40/- each fully paid.
2. 10% Preference shares be reduced to Rs. 50/- each.
3. Rs. 15,000/- be paid to Preference shareholders in lieu of arrears of Preference dividend.
4. Fixed assets be appreciated by 25% & provision be made for doubtful debts at 5% on debtors.
5. Investments of Rs. 3,50,000, miscellaneous exp & goodwill written off.

Give journal entries for the above scheme of reconstruction. Prepare Capital Reduction Account in the books of TQM Ltd. & Balance sheet of the company after reconstruction.

Q4 A The Balance Sheet of Solarfield Limited as at 31 March 2022 is as follows: (20)

Particulars	Notes No.	Amt Rs.
I. Equity and Liabilities		
1. Shareholders' Funds:		
a) Share Capital	1	5,00,000
b) Reserves and Surplus	2	7,60,000
2. Share Application Money Pending Allotment		-
3. Non-current Liabilities:		
a) Long-term Borrowings	3	1,10,000
4. Current Liabilities:		
a) Other Current Liabilities		4,00,000
Total		<u>17,70,000</u>
II. Assets		
1. Non-current Assets :		
a) Property, Plant & Equipment and Intangible Assets		
i) Property, Plant & Equipment.		2,00,000
b) Non-current Investments		12,00,000
2. Current Assets:		

a) Current Investments	-
b) Inventories	85,000
c) Trade Receivables	2,00,000
d) Cash and Cash Equivalents	85,000
Total	<u>17,70,000</u>

Notes to Accounts

Particulars

Rs.

1. Share Capital:

Authorised Capital:

1,00,000 Equity Shares of 10 each

10,00,000

Issued, Subscribed and Paid-up Capital:

50,000 Equity Shares of 10 each fully paid

5,00,000

2. Reserve and Surplus:

General Reserve

60,000

Securities Premium

5,00,000

Profit and Loss Balance

2,00,000

7,60,000

3. Long-term Borrowings

12% Debentures

50,000

Term Loan

60,000

1,10,000

The terms of buyback as per resolution passed was as under;

- Buy back 10% of the paid-up capital @ Rs. 12 each.
- Sell investments worth Rs. 1,00,000 for Rs. 80,000.
- Issue 1,000, 8% Debentures of Rs.100 each at a premium of 10% to finance the buy back of shares.
- Maintain a balance of Rs. 50,000 in General Reserve account

Pass necessary Journal Entries and prepare Balance Sheet immediately after the buy back in the books of Solarfield Limited.

OR

Q4 B Following is the Balance Sheet of Damyanti Ltd. as on 31st March, 2023.

(10)

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (Share of Rs. 10 each)	4,00,000	Fixed Assets	7,00,000
10% Preference Share Capital	1,00,000	Goodwill	50,000
Bank Loan	1,50,000	Investments	50,000
		Bank balance	7,00,000

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O/s Salaries	2,00,000	Other Current Assets	1,00,000
9% Debentures	7,00,000	Preliminary Exp.	50,000
Bills Payables	70,000		
Sundry Creditors	30,000		
	16,50,000		16,50,000

The following scheme of reconstruction was submitted & approved by the court.

- 10% Preference Shares of the Rs.100/- each fully paid were reduced to 13% Preference Shares of Rs.75 each.
- Equity Shares of Rs.100/- each fully paid were reduced to the denomination of Rs. 30/- each.
- Fixed assets be appreciated by 25% & provision be made for doubtful debts at 5% on debtors.
- Investments, Miscellaneous Exp & Goodwill written off.

Give journal entries for the above scheme of reconstruction of Danyanti Ltd.

Q4 C Maya Enterprise Private Limited furnishes you with the following Trial balance as on 31st March, 2022. (10)

Particulars	Debit (Rs.)	Credit (Rs.)
Cash in Hand	50,000	
Balance with Bank	1,00,000	
Sundry Debtors	1,75,000	
Investment in Debentures of Tata Ltd	2,00,000	
Stock at cost	75,000	
Advance Income Tax paid	2,00,000	
Provision for Income Tax		1,75,000
Sundry Creditors		1,50,000
Equity Share Capital (FV Re. 1 each)		5,00,000
Profit & Loss Account		2,00,000
Advance received from customer		50,000
Provision for Doubtful Debts		25,000
Fixed deposits with IDBI Bank (maturity on 31.7.2022)	2,50,000	
General Reserve		1,00,000
Fixed Assets	2,10,000	
Accumulated depreciation		60,000
Total	12,60,000	12,60,000

The directors have proposed to maintain final equity dividend @ 15% and appropriation of Rs. 1,00,000 to General Reserve.

Creditors include Rs. 4,00,000 payable to MSME

Prepare Balance Sheet as at 31st March, 2022 as required by the Companies Act, 2013.

Q5 A What are the determinants of amount of buy back of shares? (10)

Q5 B What is Internal Reconstruction? How the accounts are affected? (10)

OR

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

- 1) Buy back of shares
- 2) Fixed and Variable Income Investments
- 3) Role of Whistle Blowing
- 4) Objectives of Ethics Education
- 5) Statement of Profit and Loss
- 6) Pre Acquisition Dividend and Post Acquisition Dividend
