

A/c-8 06/01/20
Yearly.

[Time:3.00 Hours]

[Marks:100]

Please check whether you have got the right question paper.

- N.B:
1. Q. No.1 and 2 are compulsory. Attempt any four questions from the remaining.
 2. Question No. 1 carries 20 marks and all remaining questions carry 16 marks each.
 3. All Sub-questions carry equal marks unless specified to the contrary.
 4. Workings to form part of the solutions and necessary assumptions to be made and stated clearly

Q. 1. A. Fill in the blanks choosing the correct alternative: (Any Ten)

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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 the 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. 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/ buy back of shares)
- 10.Dividend on equity shares are ascertained on the basis of _____.
(Authorized capital / Paid-up capital/Issued capital)
11. Before buy-back all the shares must be _____.
(fully paid-up/partly paid-up/ full subscribed)
12. Cheque on hand should be shown under the head of _____.
(Other assets/Inventories/Cash and cash equivalents)

Q. 1. B. State whether following statements are True or False (Any Ten):

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1. The Buy-back of shares has to be authorized by article 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 reserves is a non-free reserves.

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.

Q. 2. Following is the summary Balance Sheet of Sushant Ltd. As on 31st march 2023

15

Liabilities	(Rs)	Assets	(Rs)
Share capital		Fixed assets	
3,000 8% preference shares of Rs 100 each	3,00,000	Goodwill	30,000
25,000 equity shares of Rs 10 each	2,50,000	Patents and trademarks	20,000
Reserve and surplus		Buildings	1,50,000
Capital reserves	25,000	Plant and machinery	1,50,000
Secured loans		Furniture	50,000
5% debentures of Rs 100 each	1,50,000	Current assets	
Debentures interest due	25,000	Stock	75,000
Current liabilities		Sundry debtors	37,500
Sundry creditors	90,000	Bank	50,000
		Cash	12,500
		Misc. expenditure not w/o	
		Discount on debentures	15,000
		Profit and loss A/c	2,50,000
	8,40,000		8,40,000

Note: Preference dividend is in arrears for three years. The following scheme of reconstruction was prepared and duly approved by the court.

- (1) The Preference Shares shall be converted into equal Number of 9% Preference Shares of 50 each.
- (2) The equity shares shall be reduced to 3 each. However the face value will remain the same.
- (3) 5% Debentures shall be converted into equal number of 6% Debentures of 75 each. The debenture holders also agreed to waive 50% of the accrued interest.
- (4) Arrears of preference dividend is to be reduced to one year's dividend which is paid in cash.
- (5) The Sundry creditors agreed to waive 30% of their claims and to accept Equity shares for 30,000 in part settlement of their renewed claims.

6) The assets are to be revalued as under

Building	1,75,000
Plant & Machinery	1,25,000
Furniture	40,000
Stock	50,000
Sundry Debtor	35,000

7) Intangible assets and fictitious assets are to be written off.

Pass Journal Entries, prepare Capital Reduction Account and Balance Sheet after reconstruction in the books of Sushant Ltd.

OR

- Q. 2.** The summarised Balance Sheet of M/s. KETAN Ltd. as on 31st December 20 is as under: **15**

Liabilities	Rs	Assets	Rs
10% Preference Shares of Rs 10 each	5,00,000	Goodwill	2,00,000
Equity Shares of Rs 10 each	10,00,000	Land & Building	10,00,000
10% Conv. Debentures of Rs 100 each	4,00,000	Furniture	1,25,000
Bank Overdraft	3,20,000	Investments	4,00,000
Sundry Creditors	3,00,000	Stock	2,80,000
Bills Payable	50,000	Debtors	2,20,000
Provision for tax	1,00,000	Bills Receivable	25,000
	26,70,000	Profit & Loss Account	4,20,000
			26,70,000

The Scheme of reconstruction as approved by the court was as under :

- Each existing Equity Share will be written down from Rs10 to Rs 4.
- Each existing 10% Preference Share is to be written down from Rs 10 to Rs 8 of which Rs 4 will be represented by 12% Preference Share and Rs 4 by Equity Share.
- Each convertible debenture is to be exchanged for Rs 50 of non-convertible 10% Debentures, Rs 35 of 12% Preference Shares and Rs 15 of Equity Shares.
- The IDBI has agreed to apply for Rs 5,00,000 of Equity Shares paying cash in full on application.
- The reduction of capital and reserves are to be applied in eliminating fictitious assets and balance to be used in writing down the Land and Building and Investment in the ratio of 3:1.

Give Journal Entries regarding reduction, prepare Capital Reduction Account and resulting summarized Balance Sheet as on 1.1.2023.

- Q. 3.** Following is the Balance Sheet of Suyog Ltd. as on 31st March, 2019. **15**

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital :		Fixed Assets :	
Authorised:	???	Land & Building	30,00,000
10,00,000 Eq. Sh. of		Plant & Machinery	30,00,000
Rs. 10 each	<u>1,00,00,000</u>	Furniture	22,00,000
Issued:		Investments	15,00,000
8,00,000 Eq. sh. of Rs. 10		Current Assets:	
each Rs. 8 paid up	64,00,000	Debtors	47,00,000
Reserves:		Bill Receivables	10,00,000
General Reserve	10,00,000	Bank Balance	40,00,000
Profit & Loss A/c.	50,00,000	Stock	20,00,000
Securities Premium	20,00,000		
Secured Loans :			
11% Debentures	20,00,000		
Unsecured Loans:	20,00,000		
<u>Current Liabilities</u>			
Creditors	15,00,000		
Bills Payable	15,00,000		
	2,14,00,000		2,14,00,000

The company decides to buyback the maximum number of equity shares as may be permitted at a price of Rs. 20 per share. Find out maximum number of shares to be bought back and pass Journal Entries and prepare Balance Sheet after buy back

OR

- Q. 3.** Roshni Limited was incorporate on 1st July,2022 to acquire the business from 1st April, 2022. It commenced its business on 1st August, 2022. Its Profit & Loss Account for the year ending 31st March, 2023 is as under. **15**

Particulars	₹	Particulars	₹
To Office Salaries	1,20,000	By Gross Profit	10,40,000
To Selling Commission	1,56,000		
To Carriage Outward	84,500		
To Rent & Taxes	2,40,000		
To Debenture Interest	50,800		
To Printing & Stationary	30,000		
To Advertising Expenses	1,30,000		
To Net Profit	2,28,700		
	10,40,000		10,40,000

Additional Information

Sales for the pre-incorporation period was @ ₹5,00,000 per month. Total sales for the year ended 31st march, 2017 was ₹65,00,000.

Prepare Statement of Profit & Loss in the columnar form for the year ending 31st March, 2023. Allocating various items on suitable basis in the pre-incorporation & post-incorporation period.

- Q. 4.** Mr. Suresh entered into following transactions of Equity Shares ofRs.10/- each of Amul Ltd. **15**

Date	No. of shares	Details
01/04/2022	3000	Rs. 69,000 Cost (opening)
15/05/2022	2000	Purchase @ Rs. 22/- per share
15/07/2022	5000	Bonus shares received
15/12/2022	3000	Sale @ Rs. 22/- per share
01/03/2023	2000	Sale @ Rs. 24/- per share

Additional Information:

.On 1st September 2022, dividend @ Rs. 3/- per share was received for the year ended 31/03/2023.

.On 10th November 2022, the company made a right issue of equity shares in the ratio of one share for every five shares held on payment of Rs. 20/- per share.

Mr. Suresh subscribed for 50% of the shared and sold remaining of his rights @ Rs. 3/- per share.

You are required to prepare Investment in Equity Shares A/c. in the books of Mr. Suresh for the year end 31/03/2023. (Round off figures to the nearest Rupee.)

OR

- Q. 4.** Pass Journal entries for the following Foreign Exchange Transactions in the books of 'Deepali Ltd.' **15**

On 1st January, 2023 Deepali Ltd. an importer, purchased \$ 42,500 worth goods from Tom Trading Company of USA. The payment was made as under :-

On 15th January, 2023	-	\$ 8,000
On 15th February, 2023	-	\$ 9,000
On 15th March, 2023	-	\$ 14,500
On 15th April, 2023	-	\$ 11,000

Deepali Ltd. closes its books on 31st March every year. The exchange rate for \$ 1 was as follows:

1st January, 2023	Rs. 48.50
15th January, 2023	Rs. 49.25
15th February, 2023	Rs. 48.25
15th March, 2023	Rs. 48.40
31st March, 2023	Rs. 48.75
15th April, 2023	Rs. 48.60

OR

- Q. 5.** From the Following Trial Balance as on 31.03.2019, prepare Final Accounts in the prescribed format as per applicable legal provisions in the books of Grenesh Co-op. Housing Society Ltd. **15**

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
Accounting charges	66,000	Sinking Fund – Opening	3,60,000
Audit Fees	48,000	Addition to Sinking Fund	60,000
Cash in Banks	3,44,000	Collection towards property expenses	16,00,000
Water charges	2,16,000	Collection towards establishment expenses	6,00,000
Insurance	72,000	Interest on Saving Bank A/c	72,000
Fixed Deposits – Sinking Fund	4,20,000	Interest on Sinking Fund	1,00,000
Housekeeping	1,44,000	Fixed Deposit	50,00,000
Land and Building	50,00,000	Statutory Reserve Fund – Opening	2,00,000
Deposit for water	13,20,000	Share Capital	
Electricity Board Deposit	1,20,000	2,400 Shares of Rs. 100 each	2,40,000
Office Expenses	1,28,000	Surplus of last year	3,28,000
Postage	12,000		
Property Expenses	6,08,000		
Subscription of Housing Federation	24,000		
Conveyance	38,000		
	85,60,000		85,60,000

Additional Information:

1. Authorised share Capital : 3,000 shares of Rs. 100 each.
2. Transfer 25% of the profit to the reserve fund.
3. Water charges Rs. 44,000 are outstanding and insurance is prepaid Rs. 12,000.

OR

Q. 5 A. The net profit of the company after providing for taxation, for the past five years are 8
Rs. 1,60,000, Rs. 1,68,000, Rs. 1,80,000, Rs. 1,84,000, Rs. 1,88,000. The opening capital employed is Rs. 14,12,000 and closing capital employed is Rs. 17,88,000. The reasonable rate of return is 10%. It is expected that the company will be able to maintain its super profit for the next five years.
Calculate goodwill on 5 years purchase of super profit

Q. 5 B. Rajesh Ltd. purchased goods from Rakesh Ltd. of USA, worth \$ 50,000 on 21st 7
January, 2018 on which date the exchange rate of 1 US \$ was Rs.71. The payment was made as under:

Date	Amount (US \$)	Exchange Rate Per US \$ in Rs.
28 th January, 2018	20,000	71.50
20 th February, 2018	20,000	69.00
15 th April, 2018	10,000	71.25

Rajesh Ltd. closes its books on 31st March every year. The rate of exchange on 31st March, 2018 was Rs. 69.50 per US \$. Pass Journal Entries in the books of Rajesh Ltd to record above transactions

- Q6.** 10
1. State the need for convergence with IFRS in India.
 2. Explain methods of valuation of Goodwill and shares. 10

Q6. Short Notes (Attempt Any 4 out of 6) 20

1. Future maintainable profit
2. Methods of computing purchase consideration
3. Internal Reconstruction of companies
4. Maximum Limits on Buyback
5. Co-operative Housing Society
6. Post incorporation profit
