

Time: 3 hrs.

Total Marks: 100

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

Q. 1 A. State whether the following statements are true or false (Any Ten) (10)

- 1) Cheques and drafts on hand are shown under the head cash and cash equivalents in the Balance Sheet of a company.
- 2) Recipes, Formulae and Models are Intangible Assets.
- 3) Unpaid dividends are shown under the head other current liabilities in Balance Sheet.
- 4) Under Internal Reconstruction, the rights of shareholders and creditors are altered.
- 5) Alteration of share capital is one of the methods of internal reconstruction.
- 6) Reduction of share capital is required to be done by special resolution.
- 7) No time limit is prescribed for completion of buyback, from the date of passing the special resolution.
- 8) Profit prior to incorporation can be used for buyback of shares.
- 9) Interest is always calculated on the market value of the security.
- 10) Ex- Interest price less accrued interest = cost of investment.
- 11) Whistle blowing helps in exposing unethical behavior.
- 12) The principles- based approach focuses on objectives.

Q. 1 B. Match the following pairs of group A with group B (Any Ten) (10)

Group A		Group B	
1	Furniture & Fixture	A	25% of paid-up capital & free reserves
2	Unrecorded liability paid in Internal Reconstruction	B	Cost including interest accrued
3	Change in inventories	C	Other Current liability
4	Liability waived off	D	Cost excluding interest accrued
5	Software	E	Property, Plant & Equipment
6	Ex- Interest Price	F	Intangible fixed asset
7	Pre-acquisition dividend	G	Debited to capital reduction account
8	CRR	H	Credited to capital reduction account
9	Cum-interest Price	I	Conversion of Shares from Larger Denomination in to Smaller Denomination
10	Outstanding salary	J	Adjusted in cost of investment
11	Buyback of equity shares	K	Opening stock less closing stock
12	Sub-division of shares	L	Can be created out of General reserves

Q.2A) Given below is the trial balance of Jarkoli & Co; as on 31st March 2024, which has authorized capital of Rs. 12,00,000 in the equity shares of Rs. 10 each. (20)

Particulars	Debit Rs.	Particulars	Credit Rs.
Calls in Arrears	15,000	Subscribed & Fully called up capital	8,00,000
Premises	6,00,000	6% Debentures	6,00,000
Plant & Machinery	6,60,000	Profit & loss a/c	30,000
Interim Dividend Paid	75,000	Bills payable	76,000
Stock (01/04/2023)	1,50,000	Sundry creditors	1,00,000
Furniture & Fixture	14,400	Sales	8,90,000
Sundry Debtors	1,74,000	General Reserve	50,000
Goodwill	50,000	Provision for Bad Debts (01/04/2023)	7,000
Cash in hand	1,500		
Cash at Bank	79,800		
Purchases	3,70,000		
Share issue expenses	10,000		
Wages	1,69,730		
Rent	33,670		
Freight outward	26,230		
Salaries	30,000		
Directors Sitting Fees	11,450		
Bad Debts	4,220		
Debenture interest Paid	18,000		
Advance Income Tax (Current Year)	60,000		
Total	25,53,000	Total	25,53,000

Prepare Statement of Profit & loss a/c and Balance Sheet of the company after taking in to consideration the following adjustments:

- 1) Depreciate plant & machinery by 10%
- 2) 1/10th of the share issue expenses is to be written off every year.
- 3) Provide provision for Bad debts @ 5% on sundry Debtors.
- 4) Provision for Income Tax is be made @ 50% of Net Profit.
- 5) Closing stock on 31st March 2024 is Rs. 1,90,000.

OR

Q.2B) Harish has invested in equity shares of MP Ltd. (Face value Rs.10 each). Following transactions are available from his books for the year 2023-24. (10)

Date	Particulars
01/04/2023	Opening balance of 600 shares @ Rs.80 per share
10/09/2023	Rights issue in the ratio 2:3 @ Rs.60 per share
14/12/2023	Sold 100 shares @ Rs.65 per share

Harish subscribed for 600 shares out of rights issue and renounced remaining shares to Mr. Hitesh @ Rs.5 per share.

On 16th July, 2023, company paid final dividend at 30% for the year ended 31st March, 2023.

You are required to prepare Equity Shares in MP Ltd. Account in the books of Harish for 2023-24 considering the given information.

Q.2C) The Balance Sheet of Soniya Ltd; as on 31st March 2024 is as follows: (10)

Liabilities	Amount Rs.	Assets	Amount Rs.
Share Capital:		Fixed Assets	36,00,000
Authorized, Issued,		Current Asset	15,00,000
Subscribed and Called up:		Bank Balance	6,00,000
Equity Shares of Rs. 10 each			
Rs. 8 Called up & paid up	15,00,000		
Reserve & Surplus:			
Securities Premium	3,00,000		
General Reserve	6,00,000		
Profit & Loss Account	6,00,000		
Secured Loan:			
10% Debentures	15,00,000		
Current Liabilities:			
Sundry Creditors	9,00,000		
Bills Payable	3,00,000		
	57,00,000		57,00,000

Keeping in view all legal requirements ascertain:

- Maximum number of Equity shares that Soniya Ltd; can buy-back
- The Maximum price it can offer.

Q.3A) Following information is available from the books of Jayant Ltd. (20)

Balance Sheet As on 31st March, 2024

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Share Capital (1,00,000 shares of Rs.10 each)	10,00,000	Fixed Assets	5,40,000
9% Preference Share Capital (4,000 shares of Rs.100 each)	4,00,000	Goodwill	1,50,000
Capital Reserves	50,000	Patents	2,10,000
10% Debentures (5,000 Debentures of Rs.100 each)	5,00,000	Investment	2,80,000
Creditors	80,000	Debtors	2,90,000
Loan from Directors	1,00,000	Stock	3,20,000
		Cash & Bank Balance	1,10,000
		Share Issue Expenses	30,000
		P & L Account	2,00,000
	21,30,000		21,30,000

Contingent liability: Claim for damages pending in the court for Rs.2,00,000
Following scheme of reconstruction has been approved by High Court.

share
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1. Equity shares shall be reduced to shares of Rs.3 each fully paid.
2. Preference shareholders agreed to reduce their holding by 40% which is to be settled by issue of new 12% Preference shares of Rs.100 each fully paid up.
3. 10% Debenture holders agreed to accept new 15% Debentures of Rs.100 each fully paid towards 80% claim and waive off the remaining claim.
4. Loan from directors should be settled by immediate payment of 40% amount in full satisfaction of their claim.
5. Fixed assets were found to be undervalued by 10%. It was agreed to revise their value at actual valuation.
6. Fictitious assets, accumulated losses and intangible assets should be written off.
7. Claim for damages has been settled without paying anything to the party involved.

You are required to pass journal entries for the above transactions (Narration not required) and prepare Balance Sheet after reconstruction.

OR

Q.3B) Following transactions are available from the books of Mr. Anmol relating to investment in 12% Debentures of KGF Ltd. having face value Rs.1000. (20)

Date	Particulars	Quantity and Rate (Rs.)
01/04/2023	Opening balance	80 @ Rs.1040 Ex-interest
01/05/2023	Purchase	100 @ Rs.1080 Cum-interest
30/06/2023	Purchase	120 @ Rs.1050 Ex-interest
31/10/2023	Sales	100 @ Rs.1020 Ex-interest
31/12/2023	Sales	60 @ Rs.1100 Cum-interest

1. Interest on debentures is payable on 30th June and 31st December every year.
2. The books of accounts are closed on 31st March every year.

You are required to prepare 12% Debentures Account in the books of Mr. Anmol for 2023-24 taking into consideration the above information.

Q.4A) Following is the Balance Sheet of Keshav Ltd; as on 31st March 2024 (20)

Balance Sheet
As on 31st March 2024

Liabilities	Amount Rs.	Assets	Amount Rs.
Share Capital:		Fixed Assets	17,70,000
1,20,000 Equity Shares of Rs. 10 each fully paid	12,00,000	Other Current Assets	6,30,000
6,000 Preference Shares of Rs. 100 each	6,00,000	Bank Balance	3,00,000
Profit & Loss a/c	1,20,000		
General Reserve	2,40,000		
Debentures	2,40,000		
Creditors	3,00,000		
	27,00,000		27,00,000

Keeping in view all legal requirements, the company wants to buy-back 24,000 of its Equity Capital at 10% Premium. For the purpose of buyback, the company issued 1,800 Preference

shares of Rs. 100 each at 10% premium. These shares were duly subscribed and the company bought back the shares immediately.

Pass necessary journal entries in the books of Keshav Ltd; and Prepare Balance Sheet after Buyback. (Calculation of Maximum number of shares and offer price is not required)

OR

Q.4B) From the following information extracted from the books of Sagar Ltd; prepare Balance Sheet of the company as at 31st March 2024; (10)

Particulars	Amount Rs.
10% Debentures	10,00,000
Equity Share Capital	7,80,000
Fixed Assets	12,00,000
Debtors	1,00,000
Bills Receivables	60,000
Share Application money pending allotment	20,000
Sundry Creditors	30,000
Bills Payable	10,000
Profit & Loss a/c	1,00,000
Capital Redemption Reserve	50,000
Revaluation Reserve	50,000
Closing Stock	40,000
Cash in Hand	2,00,000
Cash at Bank	40,000
Non - Current Investment	4,00,000

Q.4C) Following information is available from the books of Anand Ltd. (10)

Balance Sheet As on 31st March, 2024

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Authorised Capital		Trademark	2,00,000
2,00,000 equity shares of Rs.10 each	<u>20,00,000</u>	Tangible Fixed Assets	11,00,000
Issued and Paid up Capital		Inventories	1,80,000
1,50,000 equity shares of Rs.10 each, Rs.8 paid up.	12,00,000	Bills Receivable	80,000
10% Bank Loan	6,00,000	Debtors	1,34,000
Bills payable	90,000	Cash and Bank balance	36,000
Creditors	1,60,000	P & L Account	3,20,000
	20,50,000		20,50,000

Following scheme of reconstruction has been approved by High Court.

- Equity shareholders agreed to get their holding converted to shares of Rs.5 each fully paid.
- Tangible fixed assets of book value of Rs.3,00,000 were sold for Rs.3,60,000.
- 10% bank loan has been settled as 40% conversion into fully paid-up equity shares, 50% paid of immediately and balance amount has been waived off.
- Bills payable and bills receivable were mutually settled without any extra payment.

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5. Creditors of Rs.60,000 were waived off and creditors of Rs.30,000 were paid off immediately.
 6. Inventories valued at Rs.1,50,000 and Rs.14,000 shall be provided for bad and doubtful debts.
 7. Accumulated losses should be completely written off.
- You are required to pass journal entries for the above transactions.

Q.5A) 'Accountant has to maintain ethical work environment' justify with reference to various ethical accounting practices. (10)

Q.5B) Explain Various components and Advantages of ethical behavior at workplace (10)

OR

Q.5C) Write Short Notes (Any Four) (20)

- a) Disclosure of Shareholders funds in company Balance Sheet.
- b) Accounting for investment in Equity Shares
- c) Conditions of Buyback
- d) Capital Reduction account
- e) Monetary & Non-Monetary Items
- f) Types of Internal Reconstruction.
