

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) Select the correct options from the given alternatives and rewrite the sentence (any ten) (10)

1. Capital Redemption Reserve can be utilized to _____.
 - a) Create CRR
 - b) Write off premium on buy back
 - c) Issue bonus shares
 - d) Pay interim dividend
2. _____ Account is opened in the event of buy back of shares by the company.
 - a) Saving
 - b) Fixed
 - c) Escrow
 - d) Capital Reserve
3. If 40,000 equity shares are bought back at ₹ 15 per share (F.V-10) then _____ amount will be transferred to CRR A/c assuming no fresh issue has been made by the company.
 - a) ₹ 2,00,000
 - b) ₹ 6,00,000
 - c) ₹ 4,00,000
 - d) ₹ 4,50,000
4. If unrecorded liability is settled _____ A/c is debited in Internal Reconstruction.
 - a) Cash
 - b) Unrecorded liability
 - c) Capital Reduction
 - d) Profit & Loss
5. If 10,000 shares having face value of ₹ 10 each converted into 1,000 shares of ₹ 100 each, this process is called as _____.
 - a) IPO
 - b) FPO
 - c) Consolidation of shares
 - d) Sub-division of shares
6. Internal reconstruction is generally done by _____ companies.
 - a) public
 - b) private
 - c) loss making
 - d) profit making
7. Interest on debenture is calculated on _____.
 - a) Intrinsic value
 - b) Market value
 - c) Cost
 - d) Face value
8. Right shares are always offered to _____.
 - a) Employees
 - b) Existing Equity Shareholders
 - c) Preference Shareholders
 - d) Directors
9. Provision for Municipality Tax is shown under _____ head in company final accounts.
 - a) Short term provisions
 - b) Other current liabilities
 - c) Short term borrowings
 - d) Trade payables
10. The final accounts of companies are to be prepared in accordance with the provisions of _____ of Companies Act, 2013.
 - a) Schedule I
 - b) Schedule II
 - c) Schedule III
 - d) Schedule IV
11. Primary objective of Corporate Social Responsibility is _____.
 - a) To maximize profit
 - b) To reduce expenses
 - c) To benefit society and the environment
 - d) To give bonus to employees
- 12: Section _____ of Companies Act, 2013 mandates the establishment of CSR committee.
 - a) 125
 - b) 135
 - c) 145
 - d) 155

Q.1 B) State whether the following statements are True or False (any ten) (10)

1. Only partly paid-up equity shares can be bought back.
2. Buy back process should be completed within 12 months after passing resolution.
3. Dividend equalization reserve is an example of free reserve.
4. Final dividend on equity shares is proposed by shareholders.
5. Bonus shares are shares which are issued free of cost to the existing equity shareholders.
6. Surrendered shares cannot be re-issued.
7. Investment Accounting is governed by AS 13.
8. Balance in Capital Reduction account is transferred to P&L account.
9. Capital Work in progress is shown under the head 'Share Capital' in the Balance Sheet of a Company.
10. Internal Reconstruction means liquidation of Company.
11. Family values is one of the factors affecting ethical behaviour.
12. CSR is mandatory for all Public Companies.

Q.2 A) Following is the Balance Sheet of Filmsy Ltd. as on 31st March, 2025. (20)

Liabilities	₹	Assets	₹
10% Preference Shares of ₹ 10 each	5,00,000	Goodwill	4,00,000
Equity Shares of ₹ 10 each	10,00,000	Land and Building	10,00,000
10% Debentures (F.V 100)	2,00,000	Investments	3,00,000
Sundry Creditors	2,00,000	Stock	4,00,000
Other Liabilities	7,00,000	Profit & Loss A/c	4,00,000
		Preliminary Expenses	1,00,000
Total	26,00,000	Total	26,00,000

Note: - Claims against damages pending in court amounted to ₹ 50,000.

The scheme of reconstruction approved by the authority was as under:

1. Each Equity share will be written down from ₹ 10 to ₹ 6 fully paid up.
2. Each 10% Preference share is to be reduced by ₹ 2 per share. These Preference shares are to be converted into 12% Preference shares of ₹ 2 each and remaining into Equity Shares of ₹ 6 fully paid up.
3. 10% Debenture holders agreed to waive 20% of their rights and for the balance amount they have accepted 1200, 11% Debentures of ₹ 100 each.
4. Assets were revalued as: Land and Building ₹ 14,00,000; Stock to be reduced by 20%.
5. 20,000 Equity shares of ₹ 6 each were issued to public for cash.
6. Creditors dues are settled as follows:
 - a) 30% immediate payment
 - b) 50% paid by issue of 11% debentures.
 - c) 20% amount cancelled.
7. All losses, intangible and fictitious assets are to be written off.
8. Claims against damages amounted to ₹ 25,000 was settled at ₹ 15,000 by court order.
9. Reconstruction expenses amounted to ₹ 4,500.

You are required to pass journal entries and prepare capital reduction account.

OR

Q.2 B) On 01st April 2024 Miss Riya had 40,000 Equity Shares in Suryakumar Ltd. Face value of the share was Rs. 10 each but their book value was Rs. 19 per share. On 1st May 2024 Riya purchased 10,000 equity shares of the same company at Rs. 16 per share. On 30th June 2024 the Directors of Suryakumar Ltd. announced a bonus issue in the proportion of one bonus share for every five shares held. Dividend for the year 2023-24 at the rate of 20% declared by the company and received by Riya on 31st October 2024. On 1st January 2025, Miss Riya Sold 20,000 equity shares at Rs. 19 per share.

You are requested to prepare Investment in Equity Shares of Suryakumar Ltd.'s account for the year ended 31st March 2025. (10)

Q.2 C) The Following is the Balance Sheet of Tanaya ltd; as on 31st March 2025: (10)

Balance Sheet
As on 31st March 2025

Liabilities	Amount Rs.	Assets	Amount Rs.
4,00,000 Equity Shares of Rs. 10 each Rs. 8 per share called up & paid up	32,00,000	Fixed Assets	56,50,000
General Reserve	5,00,000	Stock	10,00,000
Profit & Loss a/c	25,00,000	Debtors	25,00,000
Securities Premium	10,00,000	Bank Balance	15,50,000
10% Debentures	20,00,000		
Current liabilities	15,00,000		
Total	1,07,00,000	Total	1,07,00,000

The company has decided to buy back the maximum number of its equity shares at an offer price of Rs. 25 per share. You are required to calculate the maximum number of equity shares that the company can buy back at this price, in accordance with the legal provisions under the Companies Act, 2013.

Q.3 A) The Summary Balance Sheet of Amisha ltd; as at 31st March 2025 is as follows: (20)

Balance Sheet
As on 31st March 2025

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Share Capital (Shares Rs. 10 each)	25,00,000	Fixed Assets	33,00,000
General Reserve	3,25,000	Investment	9,00,000
Securities Premium	2,70,000	Other Current Assets	10,73,000
Profit & Loss account	1,88,000	Bank balance	3,55,000
12% Debentures	12,00,000		
Term Loan	7,12,000		
Current Liabilities	4,33,000		
	56,28,000		56,28,000

After complying with all the legal requirements, the company resolved to buy back 20% of its paid-up equity share capital at Rs.15 per share. For this purpose, the company undertook the following transactions:

1. Issued 25,000, 10% Preference Shares of Rs.10 each at a premium of 10%. The issue was fully subscribed and all amounts were duly received.
2. Sold investments worth Rs. 4,00,000 at a price of Rs. 3,50,000.

You are required to:

- Pass the necessary journal entries to record the above transactions, and
- Prepare the Balance Sheet of the company after giving effect to the buyback.

OR -

Q.3 B) Show the presentation of the following items under appropriate notes to accounts forming part of the Balance Sheet of New Cinema Ltd. as on 31st March, 2025. (10)

Particulars	₹
General Reserve (1/4/2024)	20,00,000
Capital Redemption Reserve (1/4/2024)	8,00,000
Profit & Loss A/c (1/4/2024)	12,00,000
Profit for the year (before Transfers and Appropriations)	25,00,000
Security Premium	2,50,000
Equity Share Capital (F.V ₹ 100)	25,00,000
10% Cumulative Preference Share Capital (F.V ₹ 100)	15,00,000

Adjustments:

1. Issued Bonus Shares in the ratio of one share for every four shares held out of Capital Redemption Reserve on 31st March, 2025, but not recorded in the books.
2. Interim Dividend paid ₹ 1,50,000.

Q.3 C) Following is the balance sheet of Unsound Ltd as on 31st March, 2024 (10)

Liabilities	Amt	Assets	Amt
20,000 Equity shares of Rs.10 each	2,00,000	Goodwill	1,00,000
8% Preference shares of Rs.100 each	1,50,000	Land	50,000
11% Debentures (F.V – Rs.100)	50,000	Equipment	1,50,000
Creditors	80,000	Debtors	60,000
Bank Loan	50,000	Stock	40,000
Bills Payable	20,000	Investment	25,000
		Preliminary Expenses	12,000
		Profit & Loss A/c	1,13,000
	5,50,000		5,50,000

The board of directors decided to go for internal reconstruction with the approval of shareholders and court. Following adjustments should be considered.

1. Equity shares to be reduced to Rs.4 each and Preference shares reduced by Rs.30 each, being face value remain unchanged.
2. Debenture holders agreed to accept equal number of 12% debentures of Rs.50 each.
3. Investment sold for Rs.40,000.
4. Write off losses, fictitious and intangible assets.
5. Bank Loan to be settled at 60%.

Pass journal entries in the books of Unsound Ltd.

Q.4 A) Following is the Trial Balance of Samiksha Ltd. as on 31st March, 2025. (20)

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Land & Building	5,00,000	Equity Share Capital	6,00,000
Plant & Machinery	6,00,000	Security Premium	80,000
Return Inward	20,000	9% Debentures	50,000
Long Term Investment (Market Value ₹ 1,55,000)	1,50,000	10% Cumulative Preference Share Capital	2,50,000
Stock of Material (1/4/2024)	25,000	General Reserve	1,20,000
Purchase of Material	1,25,000	Profit & Loss (1/4/2024)	25,000
Debenture Interest	4,500	Sundry Creditors	50,000
Audit Fees	3,500	Provisions for Pension	1,00,000
Insurance	8,000	Dividend	25,000
Carriage on Purchase	5,000	Provision for doubtful debts	5,000
Salaries	55,000	Sales	4,20,000
Rent & Taxes	8,500	Loan from Bank	60,000
Advertising	12,500		
Bad Debts	4,000		
Balance at Bank	60,000		
Cash in Hand	46,500		
Sundry Debtors	1,57,500		
	17,85,000		17,85,000

Additional Information:

1. Closing stock of material is valued at ₹ 28,000.
2. Plant & Machinery to be depreciated by 10%.
3. Provide Income Tax for the year @ 20%.
4. Transfer 25,000 to General Reserve.
5. Sundry Debtors include ₹ 57,500 due for more than six months.
6. Directors proposed final dividend of 10%.

Prepare statement of Profit & Loss for the year ending 31.03.2025 and Balance Sheet as on that date in prescribed form.

OR

Q.4 B) On 1st April 2024 Mr. Vasudeo had Rs. 6,00,000, 6% Government Bonds at Rs. 94 (Face Value Rs. 100 each). Interest is payable half yearly on 30 June and 31st December every year. He furnishes the following particulars regarding the Investment in 6% Government Bonds for the year 2024-25:

Date	Transaction
31/05/2024	Purchased Rs. 3,00,000 Government Bonds at Rs. 101 cum-interest.
31/07/2024	Sold Rs. 3,00,000 Government Bonds at Rs. 102 cum-interest
31/08/2024	Purchased Rs. 1,00,000 Government Bonds at Rs. 101 ex-interest
30/11/2024	Sold Rs. 3,50,000 Bonds at Rs. 99 ex-interest.
30/11/2024	Purchased Rs. 50,000 Bonds at Rs. 97 ex-interest.
31/01/2025	Purchased Rs. 1,00,000 Bonds at Rs. 98 cum-interest
28/02/2025	Sold Rs. 2,00,00 Bonds at Rs. 99 ex-interest
31/03/2025	Market Price of the Government Bonds was Rs. 2,85,000.

(20)

You are requested to prepare Investment in 6% Government Bonds in the books of Mr. Vasudeo for the year ended 31st March 2025.

Q. 5 A) Explain in brief the link between Law, Corporate governance, Corporate Social Responsibility and Ethics?

(10)

Q. 5 B) Explain in detail the legal conditions of buyback of Shares.

(10)

OR

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

(20)

- 1) Disclosure of Current Liabilities in Company final accounts
- 2) Alteration of Share Capital
- 3) Capital Reduction account
- 4) Accounting for Investment in Equity Shares
- 5) Need of Internal reconstruction
- 6) Disclosure of Property, Plant & Equipment in Company final account.
