T.Y.B.Com V 4th Sem A.T.k.T MAR-2026

**Time: 3 Hrs** **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

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**Q.1 A) Choose the correct alternatives and Rewrite the sentence. (Any Ten)** **(10)**

1. Premium on buy back can be adjusted out of _____.
   a. Securities Premium
   b. Free Reserves
   c. Both of the above
   d. None of the above

2. _____ shall be filed with the ROC and SEBI before buy-back of its shares.
   a. Declaration of Insolvency
   b. Declaration of Solvency
   c. Prospectus
   d. Memorandum of Association

3. Every buy-back must be completed within _____ from the date of passing the special resolution or the resolution passed by the board.
   a. 12 months
   b. 6 months
   c. 3 months
   d. 1 month

4. In case of Finance Company, revenue from operations shall include revenue from _____.
   a. Interest received
   b. Interest paid
   c. Sale of goods
   d. Sale of assets

5. _____ is a present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation.
   a. Provision
   b. Reserves
   c. Contingent Liability
   d. Current Liability

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6. According to section 64 of the Companies Act, 2013, Alteration of share capital is required to be done by _____.
   a. Ordinary Resolution
   b. Special Resolution
   c. No Resolution
   d. Any one of these

7. Under the Internal reconstruction scheme, if unrecorded liabilities are paid _____.
   a. Capital Reduction Account is debited
   b. Liabilities Account is debited
   c. Capital Reduction Account is credited
   d. Liabilities Account is credited

8. Company declared bonus shares in the ratio 2:3. A shareholder holding 300 shares is eligible for _____ bonus shares.
   a. 200
   b. 300
   c. 450
   d. 60

9. _____ are investments which are held beyond the current period as to sale or disposal.
   a. Non-current Investments
   b. Current Investments
   c. Current Liabilities
   d. None of the above

10. _____ is a stage where the ethics knowledge is integrated with sensitivity in order to develop competence in decision.
    a. ethical knowledge
    b. unethical behavior
    c. ethical judgement
    d. ethical sensitivity

11. Intellectual property rights must be classified as _____.
    a. Intangible Assets
    b. Current Assets
    c. Fictitious Assets
    d. Tangible Assets

12. _____ is the principle of ethical behaviour.
    a. Integrity
    b. Objectivity
    c. Confidentiality
    d. All of the above


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**B) State whether the following statements are True or False (Any Ten)** **(10)**

1. A company cannot further issue the same kind of shares for six months, after the completion of its buy back.
2. Pre-acquisition dividend is added to the cost of the investment.
3. The board of directors by passing a resolution at its meeting may authorize the company to buy-back the shares upto 10% of the total paid-up equity capital and free reserves.
4. All the appropriations made during the accounting period must be presented in the format of statement of profit and loss.
5. Loose Tools are always treated as Non-Current Assets under Schedule III of the Companies Act.
6. Consolidation of share capital leads to a decrease in the number of shares whereas the total value of share capital remains unchanged.
7. The ethics that vary between different ages and different communities are known as ethical absolutism.
8. Uncalled liability on shares held as Investment is not to be considered as contingent liabilities.
9. When a company practices overstatement of assets and understatement of liabilities, it leads to the creation of secret reserves.
10. Reduction of the share capital of a company means reduction in the subscribed and/or paid-up capital.
11. Current investments are always valued at market price.
12. Threats occur as a result of the financial or other interests of a professional accountant or as relative is known as Self-interest threats.

**Q.2 A)** Following is the summary Balance Sheet of X potential Ltd. as on 31-03-2025. **(20)**

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| 1,00,000 8% Cumulative Preference Shares of ₹ 10 each | 10,00,000 | Goodwill | 3,25,000 |
| 90,000 Equity Shares of ₹ 10 each | 9,00,000 | Land & Building | 6,60,000 |
| General Reserve | 2,50,000 | Computers | 3,00,000 |
| 15% Debentures | 6,00,000 | Plant & Machinery | 5,80,000 |
| Outstanding Debentures Interest | 90,000 | Furniture | 3,25,000 |
| Sundry Creditors | 3,10,000 | Stock | 4,80,000 |
| Bank Overdraft | 4,50,000 | Sundry Debtors | 3,50,000 |
| | | Preliminary Expense | 60,000 |
| | | Profit & Loss A/c | 5,20,000 |
| | | | |
| | **36,00,000** | | **36,00,000** |

Note: (a) Preference dividend was in arrears for two years.

(b) There was a contingent liability of ₹ 1,50,000 for workmen compensation.


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Following scheme of reconstruction was approved and implemented:

a. The Preference shares were reduced to ₹ 5.50 per share fully paid and Equity shares to ₹ 3 per share fully paid.
b. After reduction, both the classes of shares were consolidated into ₹ 10 shares.
c. One new Equity share of ₹ 10 each was issued for every ₹ 60 of gross preference dividend in arrears.
d. The balance of general reserve was utilized.
e. Machinery was written down to ₹ 4,00,000.
f. Furniture was sold for ₹ 2,80,000.
g. Intangible assets, fictitious assets and losses, debts of ₹ 90,000 and obsolete stock of ₹ 1,80,000 were to be written off.
h. Contingent liability for which no provision had been made was settled at ₹ 1,12,000; however, the amount of ₹ 1,00,000 was recovered from Insurance Company.
i. Debenture holders agreed to forgo principal amount by ₹ 2,00,000 and outstanding debentures interest in full.

**Pass Journal Entries for Internal Reconstruction and prepare Capital Reduction A/c.**

**OR**

**Q.2 B)** Authorised Capital of Solar Ltd. Rs.36,00,000 in Equity shares of Rs.100 each. From the following trail balance as at 31st March 2025 of Solar Ltd. and the adjustments given, prepare the Final accounts of the company. **(20)**

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| Premises | 18,00,000 | Sales | 24,90,000 |
| Stock (1/4/2024) | 4,50,000 | 6% Debentures | 18,00,000 |
| Furniture | 43,200 | Surplus A/c (Cr.) | 87,000 |
| Call in arrears | 45,000 | Sundry Creditors | 3,00,000 |
| Plant & Machinery | 19,80,000 | Bills payable | 2,28,000 |
| Interim Dividend paid | 2,25,000 | General Reserve | 1,50,000 |
| Sundry Debtors | 5,22,000 | Provision for Doubtful Debts (on 1 April, 2024) | 21,000 |
| Goodwill | 2,28,000 | | |
| Cash and Bank Balance | 1,90,900 | Subscribed and paid up capital | 24,00,000 |
| Purchase | 11,10,,000 | | |
| Preliminary Expenses | 6,000 | | |
| Wages | 5,09,190 | | |
| Advertising | 60,000 | | |
| Freight Outward | 78,690 | | |
| Salaries | 87,000 | | |
| Director Fees | 34,350 | | |
| Bad Debts | 12,660 | | |
| Debentures Interest Paid | 54,000 | | |
| General Expenses | 40,010 | | |
| | **74,76,000** | | **74,76,000** |


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**The following adjustments have to be made:**

(a) Stock on 31st March 2025 was valued at Rs. 5,70,000.
(b) Write off Preliminary expenses.
(c) Provide for half year's debentures interest.
(d) The provision for doubtful debts on 31st March should be equal to 1% on sales
(e) Director fees is outstanding to the extent of Rs.1,650 and Salaries Rs.3,000.
(f) Depreciate premises by 2%, plant and machinery by 5%, and write off Furniture Rs.14,400.
(g) Goods to the value of Rs. 9,000 were distributed as free samples during the year. But no entry in this respect has been made.

Q.3 A) Mr.Rameshwar entered into the following transaction of purchase and sales of 12% Debentures of Rs.100 each of Kavita Ltd. Interest is payable on 30th June and 31st December every year. Transaction are as under: **(20)**

| DATE | No. of Debentures | Terms |
|---|---|---|
| 01-04-2024 | 1600 | Opening balance at a cost of Rs. 1,52,000 |
| 01-06-2024 | 600 | Sold at Rs.105 each cum-interest |
| 01-09-2024 | 1400 | Purchased at Rs.98 each Ex-interest |
| 01-12-2024 | 800 | Purchased at Rs.108 each Cum-interest |
| 01-02-2025 | 1800 | Sold at Rs.97 each Ex-interest |

Prepare Investment Account of 12% Debenture in the books of Rameshwar for the year ended 31st March 2025. The market value on 31st March 2025 was Rs. 1,35,000 of the said Investment. Apply AS-13.

**OR**

Q.3 B) Following is the summary Balance Sheet of Captain Pvt. Ltd. as on 31-03-2025. **(20)**

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| 50,000 Equity Shares of ₹ 10 each, ₹ 8 paid up | 4,00,000 | Machinery | 3,25,000 |
| Profit & Loss Account | 5,00,000 | Furniture | 2,25,000 |
| Security Premium | 2,00,000 | Investments | 1,25,000 |
| Debentures | 3,00,000 | Debtors | 3,00,000 |
| Creditors | 1,50,000 | Stock | 3,25,000 |
| | | Cash at bank | 2,00,000 |
| | | Cash in hand | 50,000 |
| | **15,50,000** | | **15,50,000** |


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The company decided to buy back maximum number of Equity shares as may be permitted at an offer price of ₹ 25 per share being the current market price.

Assuming that the buy-back is actually carried out, you are required to:

a) Ascertain the maximum number of Equity shares the company can bought back.

b) Pass journal entries in the books of the Captain Pvt. Ltd.

c) Prepare Notes to Accounts of Share Capital and Reserves & Surplus as they would appear in Notes to accounts forming part of the Balance Sheet. (Do not prepare Balance Sheet)

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

| Debit Balance | ₹ | Credit Balance | ₹ |
|---|---|---|---|
| Stock (at cost) | 10,00,000 | Share Capital (Equity shares of ₹100 each) | 40,00,000 |
| Fixed Assets (Net block) | 24,70,000 | General Reserve | 1,40,000 |
| Sundry Debtors (unsecured & good) | 8,00,000 | Loan from State Financial Corp. | 6,00,000 |
| Staff Advance | 1,94,800 | Provision for Taxation | 22,000 |
| Cash on hand | 1,20,000 | Net Profit for the year | 5,40,000 |
| Bank balance | 9,88,000 | Profit and Loss A/c (Opening balance) | 2,00,000 |
| Share Issue Expenses | 53,200 | Short Term Loans | 1,00,000 |
| Bills Receivable – Trade | 1,16,000 | Sundry Creditors | 2,80,000 |
| Investments (at cost) | 1,50,000 | Unclaimed Dividend | 10,000 |
| **Total** | **58,92,000** | **Total** | **58,92,000** |

**Additional Information:**

1. Transfer to General Reserve ₹1,00,000
2. Directors recommended 6% dividend.
3. Out of debtors, debts due for more than six months were ₹1,04,000.
4. Sundry Creditors included creditors for goods ₹2,10,000, while the remaining are for expenses.
5. Loan from state financial corporation is secured against stock.
6. Market value of investments is ₹1,56,000 while its face value is ₹1,20,000.
7. Ignore previous year's figures and corporate dividend tax.

**Prepare Balance Sheet as on 31st March, 2025 as per legal requirements, after considering the above adjustments.**

**OR**


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**Q.4 B)** Prepare Investment in Equity shares of Really Ltd A/c in the books of Ms. Anjani for the year ended 31st March 2025 **(10)**

| Date | Transaction |
|---|---|
| 01/04/2024 | Balance 20,000 Equity shares of Rs. 10 each at a cost of Rs. 4,80,000 |
| 16/08/2024 | Purchased 8,000 Equity shares of same company at a cost of Rs.1,60,000 |
| 30/08/2024 | Sold 10,000 Equity shares for Rs. 30 each |
| 15/10/2024 | Company issued bonus shares of one share for every 6 shares held |
| 22/11/2024 | Purchased Right shares announced by company at the rate of one share for every 2 shares held at Rs.18 each |
| 10/03/2025 | Sold 6,000 Equity shares for Rs. 32 each |

**Q.4 C)** The following is an abstract of Balance Sheet of X Ltd as on 31st March, 2025. **(10)**

| **Liabilities** | **Amount** |
|---|---|
| 2,50,000 Equity Share Capital of Rs. 10 each | 25,00,000 |
| 10,000 9% Preference Share Capital of Rs. 100 each fully paid | 10,00,000 |
| 10% Debentures of Rs. 100 each | 7,00,000 |
| Creditors | 5,00,000 |
| | **47,00,000** |

Note: Preference Dividend is arrears for three years
It was decided to reconstruct the company for which the following scheme was approved by court:
1. Equity share capital be reduced to Rs. 7 each fully paid up.
2. Preference shareholders agreed to accept 12% Preference Share Capital amounting to Rs. 8,00,000 and arrears of preference dividend were to be paid off completely.
3. 10% Debentures shall be converted into equal numbers of 13% Debentures of Rs. 75 each.
4. 70% of Creditors agreed to forgo their claim by 40% and the remaining was paid in cash.
You are required to:
   a. Pass Journal Entries
   b. Prepare Capital Reduction A/c

Q.5 A) Explain Sources of Buyback of Equity shares. (10)
B) Explain various methods of Internal Reconstruction (10)

**OR**

C) Write short notes on any four (20)
1. Distinction between Law and Ethics
2. Disclosure of Current Assets in Company final A/c
3. Whistle Blowing
4. AS 13
5. Capital Reduction A/c
6. Capital Redemption Reserve

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