

Q.1(a) State whether the following statements are true or false: (any 8) (8)

1. Goodwill may be purchased or non-purchased
2. The debentures can be redeemed whenever the company desires..
3. Preference shareholders have voting rights
4. The debentures can be redeemed at a discount.
5. Intrinsic value is also known as Net Asset Value.
6. Investments are non trading assets.
7. Buyback must be as per RBI guidelines.
8. The shares must be canceled and destroyed after buyback.
9. Capital reserve is divisible profit.
10. Premium on redemption can be provided out of security premium..

Q.1(b) Fill in the blanks: (any 7) (7)

1. Capital Redemption Reserve can be used for issues of _____.
2. Intrinsic value of shares is calculated on the basis of _____ value of asset
3. Goodwill is an _____ asset.
4. Fund created to provide funds for redemption is called _____.
5. Dividend equalization reserve is a _____ profit.
6. Convertible debentures can be redeemed by issue of _____
7. The buyback of shares results in reduction of _____ capital of a company.
8. Goodwill is an _____ asset.
9. _____ shares cannot be redeemed except in case of liquidation of a company.
10. Discount on buyback is credited to _____ account.

Q.2 (a) ZED Ltd. provides you with the following balance sheet on 31st March 2017. (15)

Particulars	Rs	Particulars	Rs
3750 equity shares of Rs 100 each	3,75,000	Goodwill	52,500
Profit & loss	90000	Land & Building	150000
Sundry Creditors	135000	Plant & Machinery	140000
Provision for Taxation	90000	Stock	240000
Bank Overdraft	30000	Sundry Debtors	127500

-	-	Bank	10000
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Profit before taxation 2013- 93,000, 2014- 97,500, 2015- 1,05,000, 2016- 1,25,000, 2017- 1,52,500. Tax @ 40% and 15% is fair return on capital employed. Calculate 1. Five years purchase of super profit 2. Capitalisation of super profit 3. Capitalisation of Average profit

OR

Q.2 (a) Y Ltd submits following information as on 31st Mar 2016

Particulars	Rs
Fixed Asset (tangible)	15,00,000
Current Assets	6,00,000
Patent Right	2,50,000
Investments	1,00,000
Capital Issue Expenses	50,000
Liabilities	4,00,000

Capital Comprise of 12,500 shares of Rs. 100 each fully paid. It is ascertained that Patent Rights are Valueless. Ascertain The value of shares on asset backing method. (07)

Q.2 (b) Hayat Ltd capital is Rs 11,00,000 divided in shares of Rs 10 each. Of these 40,000 shares are 8% Preference and remaining are equity shares. The average profit (after tax @ 50 %) earned during past 3 years is Rs 1,50,000 In future expenses will increase by Rs 12,000. The expected yield for risk capital is 10% net of tax.. Find value of equity shares (08)

Q.3. The balance sheet of Karan Ltd as on 31.3.2016 as follows

Particulars	Notes	Amt (Rs)	Amt (Rs)
[A] Equity and Liabilities			
1 Shareholders Funds:			
share capital	1	25,00,000	
reserves and surplus	2	25,00,000	
			50,00,000
2. Non Current Liabilities			
long term borrowings	3		25,00,000
1. Current Liabilities			

Trade Payables	4		20,00,000
TOTAL			95,00,000
[B] Assets			
2. Non current Assets			
fixed assets		40,00,000	
non current investments		15,00,000	55,00,000
3. current assets	5		40,00,000
TOTAL			95,00,000

Notes forming part of Financial Statements:

(RS in crores)

Particulars	Notes	Amt (Rs)
Share Capital:	1	
Equity shares of Rs 10 each fully paid		25,00,000
Total share capital		25,00,000
Reserves and Surplus	2	
General reserve		10,00,000
Securities Premium		5,00,000
Profit /loss a/c		10,00,000
Total		25,00,000
10% debentures	3	25,00,000
Trade payables		
creditors	4	15,00,000
Bills Payable		5,00,000
Total		20,00,000
Current Assets	5	

Cash	15,00,000
Trade Receivables	20,00,000
Short term Loan and advances	5,00,000
TOTAL	40,00,000

Assume that buyback is carried out actually at the legally permissible terms, record the journal entries and prepare its balance sheet. (15)

OR

Q.3 Balance sheet of WDV LTD. As on 31.3.2020

(RS in crores)

Particulars	Notes	Amt (Rs)	Amt (Rs)
[A] Equity and Liabilities			
1 Shareholders Funds:			
share capital	1	100	
reserves and surplus	2	300	
			400
Current Liabilities			40
TOTAL			440
[B] Assets			
1. Non current Assets			
fixed assets (at WDV)	3	NIL	
non current investments (M.V Rs 4 crores)		100	100
2. current assets			340
TOTAL			440

Notes forming part of Financial Statements:

(RS in crores)

Particulars	Notes	Amt (Rs)
Share Capital:	1	
Issued, subscribed, paid up:		

12% redeemable preference shares of Rs 100 each, fully paid		75
Equity shares of Rs 10 each fully paid		25
Total share capital		100
Reserves and Surplus	2	
Capital reserve		15
Securities Premium		25
Revenue Reserves		26
Total		300
Fixed Assets	3	
cost		100
less : Prov for Depreciation		100
Net block		0

The Company bought back 50 lakh equity shares of Rs 10 each at Rs 50 per share. The payments for the above were made out of the huge bank balances, which appeared as part of current assets. Preference shares were redeemed at par. You are asked to pass journal entries to record above . Also prepare a Balance sheet after buyback. (15)

Q.4(a) A Ltd gave notice of intention to redeem its outstanding Rs 12,00,000 10% debentures of Rs 100 each at par and offered the holders following options:

- (a) 10 % preference shares of Rs 100 each at par
- (b) Equity shares of Rs 10 each at Rs 12
- (c) 15% Debentures at Rs 96 each
- (i) 4320 debenture holders accepted offer (a)
- (ii) 4800 debenture holders accepted offer (b)
- (iii) The remaining debenture holders accepted offer (c)

Pass necessary Journal Entries in the books of A Ltd

(15)

OR

Q.4. Suraj Ltd Balance sheet as on 31-3-20120

Particulars	Notes	Amt (Rs)	Amt (Rs)
[A] Equity and Liabilities			
1 Shareholders Funds:			
share capital	1	5,50,000	

reserves and surplus	2	3,70,000	
			9,20,000
2.Current Liabilities			
Trade Payables			92,000
TOTAL			10,12,000
[B] Assets			
1.Non current Assets			6,90,000
2. current assets ; cash			3,22,000
TOTAL			10,12,000

Notes forming part of Financial Statements:

Particulars	Notes	Amt (Rs)
Share Capital:	1	
39,000 Equity shares of Rs 10 each fully paid		3,90,000
16,000 6% Redeemable preference shares of Rs 10 each		1,60,000
Total share capital		5,50,000
Reserves and Surplus	2	
Profit /loss a/c		3,70,000

The Preference shares were redeemed on April 1,2017 at premium of Rs 2 per share. The whereabouts of 1,200 of such shares are not being known. The co issued 10,000 equity shares of Rs 10 each at premium of Rs 2 per share for redemption. Prepare journal entries and also its balance sheet (15)

Q.5(a) Explain different Types of Debentures. (8)

(b)Distinguish between Divisible profits and Non divisible profit (7)

OR

Q.5 Short Notes: (any 3): (15)

- 1.Yield Value Method
2. Capital Redemption Reserve
3. Divisible profits.
- 4.Intrinsic value Method
5. Sources of buyback.