

Time : 2½ hours

Marks : 75

**Instructions:**

- 1) Q1 is Compulsory
- 2) Q2 to Q.5 having Internal choice
- 3) State your assumptions properly
- 4) Figures to right indicate full marks
- 5) Working notes should form part of answer

Q.1 A) FILL IN THE BLANKS (Any Eight) (8)

1. Yield value depends on \_\_\_\_\_
2. Intrinsic value is also called as \_\_\_\_\_ value.
3. Amount payable on buy back cannot exceed 25% of \_\_\_\_\_
4. The company should open \_\_\_\_\_ Account with bank to provide fund for buy back.
5. Partly paid shares \_\_\_\_\_ be bought back.
6. Profit on Sale of Investments increases \_\_\_\_\_ reserve.
7. Forfeited Shares Account is not a \_\_\_\_\_ profit.
8. Redemption of debentures means \_\_\_\_\_ of debentures.
9. Sinking Fund A/c is shown in the Balance sheet under \_\_\_\_\_
10. Profit/Loss on sale of Sinking Fund Investment is transferred to \_\_\_\_\_ A/c

Q.1B) MATCH THE FOLLOWING (Any Seven) (7)

Group -A	Group -B
Goodwill	Fluctuating Dividend
Machinery	Buyback of Shares
Buyback of Shares	Fixed Dividend
Preference Shares	Repurchase of Shares
Buyback must be as per	Fixed Interest
Equity Shares	Tangible Asset
Debentures	Divisible Profit
Section 80 and 80 A	IRDA guidelines
Section 68	Intangible Asset
Dividend Equalization Reserve	Redemption of Preference Shares
	Non Divisible Profit
	SEBI guidelines

Q.2A) The Balance Sheet of Jindal Ltd. As on 31<sup>st</sup> March 2018 revealed the following:

LIABILITIES	Amount	ASSETS	Amount
Share Capital (Issued)		Fixed Assets 9,00,000	
Equity Shares of Rs 10 each		Less: Depreciation 1,10,000	7,90,000
Rs 8 paid	8,00,000		
Reserves	2,00,000	Goodwill	80,000
Profit & Loss Account	20,000	Current Assets	4,90,000
10% Debentures	1,00,000	Discount on Debentures	10,000
Current Liabilities	2,50,000		
	<b>13,70,000</b>		<b>13,70,000</b>

- Fixed assets and goodwill were revalued at Rs 7,50,000 and Rs 1,00,000 respectively.
- The Net Profit after tax for the immediately preceding three years were Rs 1,10,000 Rs 1,05,000 and Rs 1,45,000 of which 25% were transferred to reserves.
- A Fair return in the industry in which the company is engaged is considered to be 10% compute the value of company's shares by:
  - Net Assets Method
  - Yield Value Method

(15)

OR

Q.2 B) The Net profits of the Anjali Company Ltd before providing for taxation @ 30% for the last five years are Rs 80,000 , Rs 85,000 , Rs 95,000 ,Rs 92,000 and Rs 1,00,000.The Capital Employed in the Business is Rs 3,50,000 on which reasonable return of 15% is expected

Calculate value of Goodwill of the business by Capitalization of Profit method. (15)

Q.3 A) ABC company gave notice of its intention to redeem its outstanding Rs 50,000 10% Debentures of 100 each at a premium of 5% and offered the holders the following options:

- To accept 12% Cumulative preference Shares of Rs 20 each Rs 25 per share.
- To accept 10% Debentures stock at 96%

3. To have their holdings redeemed for cash accordingly.
- Rs 25,000 Debentures holders accepted the proposal 1.
  - Rs 20,000 Debentures holders accepted the proposal 2.
  - Remaining Debentures holders accepted the proposal 3.

Pass the Journal Entries in the books of the company to record only the above transactions. (15)

OR

Q.3 B) A Ltd. Company has 12,000 Redeemable Preference shares of Rs 100 each fully paid. The company decides to redeem these shares at 10% premium.

The company makes the following issues:

- 3,000 Equity shares of Rs 100 each at 10% premium.
- 2,000 Debentures of Rs 100 each.

The Issue was fully subscribed and allotment were made. The redemption was carried out. The company has sufficient Profit. Journalize the transactions. (15)

Q.4A) Following is the summarized Balance Sheet of Chandra Ltd. as on 31/03/2018.

LIABILITIES	AMOUNT	ASSETS	AMOUNT
16,00,000 Equity Shares of Rs10 each, Rs 8 paid up	1,28,00,000	Land and Building	60,00,000
Profit and Loss A/C	1,20,00,000	Plant and Machinery	60,00,000
Security Premium	40,00,000	Furniture	44,00,000
10% Debentures	40,00,000	Investments	30,00,000
Bank Term Loan	40,00,000	Debtors	94,00,000
Creditors	60,00,000	Bank Balance	1,00,00,000
		Stock	40,00,000
	4,28,00,000		4,28,00,000

The Company decided to Buy back maximum number of Equity shares as may be permitted at a price of 20 per share being the current market price. Assuming that Buy-back is actually carried out, You are required to pass necessary Journal entries in the books of the company.

(15)

OR

Q.4 B) Vijay Enterprises Limited issues 2,000 9% debentures of Rs 100 each.

You are required to give journal entries on issue if :

1. Debentures are issued at par and redeemable at par.
2. Issued at a discount of 5% but redeemable at par.
3. Issued at a premium of 5% but redeemable at par.
4. Issued at a discount of 10% but redeemable at a premium of 5%
5. Issued at par but redeemable at 10% premium. (15)

Q.5 A) Explain difference between Buyback of shares & Redemption of Preference Share (8)

Q.5 B) Explain different Types of Debentures (7)

OR

Q.5 A) Write Short Notes (Any Three) (15)

1. Capital Redemption Reserve
2. Distinguish between divisible and Non divisible profit- Five points only
3. Basic condition of calculating Buyback of shares if offer price is given
4. Intrinsic Value Method
5. Yield Value Method

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