

Program/Sem: T.Y.B.Com– Sem - V

Course: Financial Accounting

Program Code: UGCOM01

Course Code: 23101

Duration: 3 Hours

03 NOV 2025

Max. Marks: 100

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

**Q.1 - Attempt the following.**

**A. Select the most appropriate option & rewrite the full sentence. (Any 10)**

**[10]**

- i). AS 1 requires the disclosure of \_\_\_\_\_.
  - (a) Tax liability
  - (b) Accounting policies
  - (c) Audit reports
  - (d) Revenue forecast
- ii). Internal Reconstruction requires \_\_\_\_\_.
  - (a) Ordinary resolution passed at General meeting
  - (b) Special resolution passed at General meeting
  - (c) Special resolution passed at Board meeting
  - (d) Ordinary resolution passed at Board meeting
- iii). Which of the following is a free reserve for the purpose of buyback of shares?
  - (a) Workmen's compensation fund (after meeting liabilities)
  - (b) Capital redemption reserve
  - (c) Debenture redemption reserve
  - (d) Forfeited Shares Account
- iv). Which adjustment is not typically made in final accounts?
  - (a) Closing stock
  - (b) Depreciation
  - (c) Capital gain tax
  - (d) Outstanding expense
- v). Bad debts are \_\_\_\_\_.
  - (a) Ignored in Accounts
  - (b) Deducted from income
  - (c) Added to assets
  - (d) Recorded as revenue
- vi). CSR stands for \_\_\_\_\_.
  - (a) Co-operative social responsibility
  - (b) Corporate social responsibility
  - (c) Common service responsibility
  - (d) Corporate service reporting
- vii). Fictitious assets are to be transferred to \_\_\_\_\_.
  - (a) Capital reduction Account
  - (b) Security premium Account

- (c) Share capital Account (d) Capital reserve Account
- viii) Buyback must be completed within \_\_\_\_.
- (a) 12 months (b) 3 months  
(c) 6 months (d) 2 months
- ix). Interest on securities is always calculated on \_\_\_\_.
- (a) Cost price (b) Market price  
(c) Face value (d) All of the above
- x). Which approach emphasises ethical values?
- (a) Rule based (b) Principal based  
(c) Compliance based (d) Risk based
- xi). Loss on sale of investment is \_\_\_\_.
- (a) Debited to Investment A/c (b) Debited to Profit and Loss A/c  
(c) Credited to Profit and Loss A/c (d) None of the above
- xii). Ethical behaviour in accounting influences \_\_\_\_.
- (a) Financial performance only (b) Corporate governance  
(c) Personal relationship (d) Software

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

**[10]**

- i). Creditors accepting part payment of their claims is a compromise.
- ii). Code of Ethics builds public trust.
- iii). Buyback of shares has to be authorised by article of association.
- iv). Change in accounting policy adopted should be disclosed.
- v). Arrears of preference dividend is a Contingent liability.
- vi). The income for pre-acquisition period should be credited to Investment Account.
- vii). A company going for internal reconstruction must add the words "and reduced" after its name.
- viii) Dividend on shares accrues on the date of the book-closure by the company.
- ix). If the buyback exceeds 10% of the paid up capital, the board of director has the authority to approve it by resolution at a meeting.
- x). Unethical Behaviour is always illegal.
- xi). Ex-interest price includes interest accrued.
- xii). Internal reconstruction and external reconstruction refers to the same process.

Q. 2 Attempt either (A) or (B). [20]

A. The Following is the Trial Balance of Rajeshri Ltd. As on 31<sup>st</sup> March, 2025 [20]

Particulars	Debit (₹)	Credit (₹)
Stock	1,25,000	
Wages	50,000	
Purchase	3,45,000	
Sales		4,00,000
Discount	7,000	5,000
Salaries	7,500	
Rent	4,950	
General Expenses	17,050	
Equity Share Capital: 10,000 Shares of Rs.10 each		1,00,000
Surplus Account		15,030
Interim Dividend Paid	9,000	
Machinery	29,000	
Debtors	37,500	
Creditors		17,500
Bad Debts	4,830	
General Reserve		1,15,500
Cash at Bank	16,200	
<b>TOTAL</b>	<b>6,53,030</b>	<b>6,53,030</b>

Additional Information :

1. Stock on 31<sup>st</sup> March, 2025 is valued at ₹ 3,00,000.
2. On 31-3-2025 goods worth ₹ 30,000 were sold to a customer. He has taken away the goods. But no entry is recorded.
3. Purchases include ₹ 5,000 machinery purchased on 1-10-2024.
4. Transfer ₹ 20,000 to General Reserve.
5. Directors proposed 10% final dividend (excluding the interim dividend already paid).
6. Provide Income Tax for the year ₹ 30,000

Prepare Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2025 and Balance Sheet as on same date along with Notes to Accounts after taking into account the above information.

OR

B. Following is the summarized Balance sheet of M/s Shah Ltd. (a non Listed Company) [20]  
As on 31<sup>st</sup> March, 2023.

Liabilities	₹	Assets	₹
40,000, Equity Shares of ₹ 100 each fully paid	40,00,000	Fixed Assets	1,20,00,000
20,000, 10% Redeemable Preference shares of ₹ 100 each fully paid	20,00,000	Investments	8,80,000
Securities Premium	3,20,000	Stock	14,00,000
General Reserve	8,00,000	Debtors	14,00,000

Profit & Loss A/c	4,00,000	Bank Balance	4,00,000
Capital Redemption Reserve	4,00,000		
11% Debentures	40,00,000		
Creditors	41,60,000		
	<b>1,60,80,000</b>		<b>1,60,80,000</b>

On the same date it was decided to buyback the maximum number of equity shares at the maximum price possible under the law.

In case of shortage of funds, Bank overdraft was to be arranged.

The company decided to utilize profit and loss account to the minimum extent.

Pass Journal entries for the above transactions and prepare the Balance sheet after buyback in Schedule III Format

**Q. 3 Attempt either (A) or (B and C).** [20]

**A.** On 15<sup>th</sup> March 2023, Jainam Shah purchased Rs. 1,00,000, 9% Government Stock (interest payable on 1<sup>st</sup> April, 1<sup>st</sup> July, 1<sup>st</sup> October and 1<sup>st</sup> January) at Rs. 88.50 cum interest (face value of Rs. 100 each.) [20]

On 1<sup>st</sup> August, Rs. 20,000 stock is sold at Rs. 89 cum interest and on 1<sup>st</sup> September Rs. 30,000 stock is sold at Rs. 89.25 ex interest.

On 31<sup>st</sup> December, the date of the Balance Sheet, the market price was Rs. 90.

Show the ledger account of the investment of the year ignoring income tax, brokerage etc, and making apportionment in months.

**OR**

**B.** Following is the Summarised Balance Sheet of M/s Jay Ltd. As on 31<sup>st</sup> March 2024 [10]

Particulars	Amount
<b>Liabilities :</b>	
10% Preference Shares of Rs.100 Each	10,00,000
Equity Shares of Rs. 10 each	15,00,000
11% Debentures	3,00,000
Sundry Creditors	3,00,000
Other Current Liabilities	6,00,000
<b>Total</b>	<b>37,00,000</b>
<b>Assets :</b>	
Goodwill	4,50,000
Land & Building	15,00,000
Plant & Machinery	7,00,000
Stock	6,00,000
Publicity Campaign Expenditure	4,00,000
Discount on Issues of Debentures	50,000
<b>Total</b>	<b>37,00,000</b>

Following schemes of reconstructions has been approved by the Court:

1. Equity share to be reduced by ₹3 per share.
2. 10% preference shares were reduced to ₹80 per share, fully paid up.
3. 11% debenture holders agreed to waive 30 % of their rights
4. 30 % of the creditors are to be reduced to 80 % and 60 % of the creditors to be reduced by 30 %.



5. All intangible and fictitious assets are to be written off.
6. Assets where revalued is as
  - Land & Building, ₹16,00,000
  - Plant and machinery, ₹7,50,000
  - Stock to be reduced by ₹62,000

You are required to pass necessary Journal entries and prepare capital reduction account in the books of M/s Jay Ltd.

- C. From the following information of Ganesh limited prepare the statement of profit and loss of the company for the year ended 31<sup>st</sup> March 2024 as per the provisions of the Companies Act 2013. [10]

Particulars	Rs.
Sales	10,25,000
Interest Received on Government Bond	1,00,000
Cost of Material Consumed	2,50,000
Sales Return	25,000
Opening stock of Finished Goods	1,00,000
Closing stock of Finished Goods	50,000
Salaries & Wages	60,000
Staff Welfare Expenses	15,000
Interest on Loan from Bank	15,000
Interest on Debentures	25,000
Depreciation on Machinery	15,000
Depreciation on Furniture	10,000
General expenses	2,500
Salesman commission	7,500
Freight outward	3,000
Discount allowed	2,500
Audit fees	12,500
Electricity charges	6,000
Repair and maintenance	12,500
Rent rates and taxes	12,000
Insurance	10,000
Advertisement Expenses	15,000
Provision for Tax	1,26,500

Q. 4 Attempt either (A) or (B and C). [20]

- A. Following is the summarised Balance Sheet of Vishesh Ltd. as on 31<sup>st</sup> March, 2024. [20]

Liabilities	₹
12,000, 8% Preference Shares of ₹ 100 each	12,00,000
1,00,000 Equity Shares of ₹ 10 each	10,00,000
Capital Reserve	1,00,000
5% Debentures of ₹ 100 each	6,00,000
Interest due on Debentures	1,00,000
Creditors	3,60,000
	<b>33,60,000</b>

Assets	₹
Goodwill	1,20,000
Patents	80,000
Building	6,00,000
Plant & Machinery	6,00,000
Furniture	2,00,000
Stock	3,00,000
Debtors	1,50,000
Bank & Cash Balance	2,50,000
Discount on Issue of Debentures	60,000
Profit & Loss A/c (Dr. Balance)	10,00,000
	<b>33,60,000</b>

Note: Preference Dividend is in arrears for three years.

The following scheme of Reconstruction was prepared and duly approved by the court.

- 8% Preference Shares shall be converted into equal number of 9% Preference Shares of ₹ 50 each fully paid.
- Equity shares shall be reduced to ₹ 3 each fully paid.
- 5% Debentures shall be converted in to equal number of 6% Debentures of ₹ 75 each. The debentures holders also agreed to waive 50% of the accrued interest.
- Arrears of Preference dividend for 2 years is forgone and the balance for one year should be paid immediately.
- Creditors agreed to waive 30% of their claims and to accept equity shares for ₹ 60,000 in part settlement of their renewed claim.
- The assets are to be revalued as follows:  
 Building - ₹ 7,00,000  
 Stock - ₹ 2,00,000  
 Plant & Machinery - ₹ 5,00,000  
 Debtors - ₹ 1,40,000  
 Furniture - ₹ 1,60,000
- Intangible assets, fictitious assets and profit and loss account (Dr. Balance) to be written off.

**You are required to pass necessary journal entries in the book of Vishesh Ltd. and Prepare Capital Reduction Account**

**OR**

**B. Following is the Balance Sheet of Manjit Ltd. As on 31<sup>st</sup> March, 2024**

[10]

**Balance Sheet of Manjit Ltd. as on 31<sup>st</sup> March, 2024**

Liabilities	₹	Assets	₹
Equity share capital (shares of ₹ 10 each)	3,20,000	Fixed Assets	5,60,000
6% Preference Shares Capital	80,000	Investments	1,20,000
Securities Premium	80,000	Bank Balance	6,00,000
Profit & Loss A/c	1,20,000	Other Current Assets	1,20,000
8% Debentures	1,60,000		
Sundry Creditors	56,000		

Bills payable	5,60,000		
Other Current Liabilities	24,000		
	<b>14,00,000</b>		<b>14,00,000</b>

Keeping in view all legal requirements, ascertain the maximum number of equity shares, the company can buy back at Rs. 12 per shares, being the current market price. Assuming that buy back is actually carried out. Pass necessary Journal entry to record the above transactions.

- C Bombay investments hold 1,200 – 6% Debentures of Rs. 100 each in Mitesh Ltd., as on 1<sup>st</sup> April 2024 at a cost of Rs. 1,40,000. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December each year. Other details are as under:- [10]

Date	Details	Rs.
01.06.2024	400 debentures are purchased cum interest at	40,800
01.11.2024	400 debentures are purchased ex-interest at	38,400
30.11.2024	600 debentures are sold cum – interest for	64,500
31.12.2024	800 debentures are sold ex-interest for	77,300

Prepare investment account valuing closing balance on 31.03.2025 at cost or market price whichever is low. The debentures are quoted at par on 31.03.2025.

**Q. 5 Attempt either (A and B) or (C) [20]**

- A. Explain Corporate Social Responsibility (CSR) [10]
- B. What is Buy Back of shares and its Benefits [10]

**OR**

**C Short Notes ( Attempt Any 4 out of 6 )**

1. Disclosure of Reserve and Surplus in company balance sheet. [5]
2. Investment Accounting ( AS13) [5]
3. Distinguish between Internal V/S External Reconstructions. [5]
4. Whistle-Blowing in Accounting [5]
5. Distinguish between Buy Back of shares v/s Redemptions of shares. [5]
6. Distinguish between Ethics and Morals [5]

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