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12 a)	M Ltd. has a capital of 5,000 Redeemable Preference shares of Rs.100 each. When the shares became due for redemption, the company decided that the whole amount will be redeemed out of a fresh issue of equal amount of equity shares of Rs.10 each. Show Journal entries.	K3	CO2
OR			
12 b)	A Company has as part of its Share capital, 1,000 redeemable Preference shares of Rs.100 each fully paid up. When the shares became due for redemption, the company had Rs. 60,000 in its reserve fund. The Company made minimum new issue of equity shares of Rs.25 each necessary for the purpose of redemption and received cash in full. Make the necessary journal entries.	K3	CO2
13 a)	Calculate managerial remuneration assuming there are two whole time directors, a part time director and a manager. Net profit before provision for income tax and managerial remuneration but after depreciation – Rs.8,70,410 Depreciation provided in the books – Rs.3,10,000 Depreciation allowable under schedule XIV – Rs.2,60,000	K4	CO3
OR			
13 b)	Calculate the profit to be transferred to Balance sheet from the following particulars. i) Equity Share Capital – Rs.2,00,000 ii) P&L A/c (Cr) – Rs.30,000 iii) Net Profit for the current year Rs.56,800 iv) Dividend Proposed by the directors @ 12% p.a. after the minimum transfer to General reserve as required by law.	K4	CO3
14 a)	X is carrying on a business earning Rs. 50,000 as average profit on an investment of Rs.3,00,000. Y is interested in buying the business of X on the basis of normal rate of return of 10%. Goodwill is agreed to be 4 purchase of the super profit. It is expected that in future, expenses may go up by Rs.5,000 per year due to a new local tax. Compute the goodwill payable to X.	K4	CO4
OR			
14 b)	The issued capital of a company was Rs.10,00,000 consisting of 10,000 equity shares of Rs.100 each. The net profits for the last 5 years were Rs.1,00,000, Rs.80,000, Rs.1,20,000, Rs.1,60,000 and Rs.1,40,000 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 12%. Compute the value of the company's share by the yield value method.	K4	CO4
15 a)	Describe the need for Accounting Standards.	K2	CO5
OR			
15 b)	Explain the provisions of "AS- 6 Depreciation Accounting" in detail.	K2	CO5

SECTION - C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

Q.No	Question	K Level	CO																								
16	<p>A Ltd. invited applications for 10,000 shares of Rs.100 each at a discount of 5% payable as follows; On application Rs. 25 ; On allotment Rs.34 ; On first and final Call Rs.36.</p> <p>Applications were received for 9,000 shares and all of these were accepted. All money due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were reissued at the rate of Rs. 90 fully paid. Show necessary journal entries in the books of the company.</p>	K4	CO1																								
17	<p>On 31st December 2022, the Balance Sheet of S Ltd was as follows;</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Liabilities</th><th style="text-align: right;">Rs.</th><th style="text-align: left;">Assets</th><th style="text-align: right;">Rs.</th></tr> </thead> <tbody> <tr> <td>Equity Share Capital</td><td style="text-align: right;">5,00,000</td><td>Sundry Assets</td><td style="text-align: right;">7,60,000</td></tr> <tr> <td>Redeemable Preference Share Capital</td><td style="text-align: right;">2,00,000</td><td>Bank</td><td style="text-align: right;">1,90,000</td></tr> <tr> <td>General Reserve</td><td style="text-align: right;">1,50,000</td><td></td><td></td></tr> <tr> <td>Sundry Creditors</td><td style="text-align: right;">1,00,000</td><td></td><td></td></tr> <tr> <td></td><td style="text-align: right;">9,50,000</td><td></td><td style="text-align: right;">9,50,000</td></tr> </tbody> </table> <p>On the above date, the preference shares had to be redeemed. For this purpose, 1,000 equity shares of Rs.100 each were issued at Rs.110. The shares were immediately subscribed and paid for. The preference shares were duly redeemed. Give Journal entries and prepare balance sheet after redemption.</p>	Liabilities	Rs.	Assets	Rs.	Equity Share Capital	5,00,000	Sundry Assets	7,60,000	Redeemable Preference Share Capital	2,00,000	Bank	1,90,000	General Reserve	1,50,000			Sundry Creditors	1,00,000				9,50,000		9,50,000	K4	CO2
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18	<p>The following Trial Balance of N Ltd. as at 31-12-2021 was as follows:</p> <table> <tr> <th>Debits</th><th>Rs.</th><th>Credits</th><th>Rs.</th></tr> <tr> <td>Stock (1.1.2021)</td><td>80,000</td><td>8,000 equity shares of Rs.100 each, Rs.75 paid</td><td>6,00,000</td></tr> <tr> <td>Bank</td><td>17,600</td><td>6% debentures</td><td>2,00,000</td></tr> <tr> <td>Patents</td><td>60,000</td><td>Sundry creditors</td><td>1,00,000</td></tr> <tr> <td>Calls in arrears</td><td>20,000</td><td>General reserve</td><td>80,000</td></tr> <tr> <td>Returns inwards</td><td>30,000</td><td>Sales</td><td>10,00,000</td></tr> <tr> <td>Purchases</td><td>7,72,000</td><td>Returns outward</td><td>20,000</td></tr> <tr> <td>Wages</td><td>1,08,000</td><td>P&L A/c (Cr)</td><td>12,000</td></tr> <tr> <td>Insurance Prepaid</td><td>400</td><td></td><td></td></tr> <tr> <td>Bills receivable</td><td>30,000</td><td></td><td></td></tr> <tr> <td>Sundry Debtors</td><td>80,000</td><td></td><td></td></tr> <tr> <td>Discount on issue of debentures</td><td>10,000</td><td></td><td></td></tr> <tr> <td>Plant & Machinery</td><td>4,00,000</td><td></td><td></td></tr> <tr> <td>Land & Buildings</td><td>3,00,000</td><td></td><td></td></tr> <tr> <td>Insurance</td><td>4,000</td><td></td><td></td></tr> <tr> <td>General expenses</td><td>40,000</td><td></td><td></td></tr> <tr> <td>Establishment expenses</td><td>60,000</td><td></td><td></td></tr> <tr> <td></td><td>20,12,000</td><td></td><td>20,12,000</td></tr> </table> <p>Additional Information: i) Value of stock on 31st Dec 2021 was Rs.74,000. ii) Outstanding wages Rs.10,000 iii) A Provision 5% is to be credited on sundry debtors for doubtful debts.</p>	Debits	Rs.	Credits	Rs.	Stock (1.1.2021)	80,000	8,000 equity shares of Rs.100 each, Rs.75 paid	6,00,000	Bank	17,600	6% debentures	2,00,000	Patents	60,000	Sundry creditors	1,00,000	Calls in arrears	20,000	General reserve	80,000	Returns inwards	30,000	Sales	10,00,000	Purchases	7,72,000	Returns outward	20,000	Wages	1,08,000	P&L A/c (Cr)	12,000	Insurance Prepaid	400			Bills receivable	30,000			Sundry Debtors	80,000			Discount on issue of debentures	10,000			Plant & Machinery	4,00,000			Land & Buildings	3,00,000			Insurance	4,000			General expenses	40,000			Establishment expenses	60,000				20,12,000		20,12,000	K5	CO3
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19	<p>The Balance Sheet of S Co Ltd. as on 30th June 2023 was as follows:</p> <table> <tr> <th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr> <tr> <td>10% Preference Share Capital</td><td>1,00,000</td><td>Goodwill</td><td>20,000</td></tr> <tr> <td>20,000 equity shares of Rs.10 each</td><td>2,00,000</td><td>Fixed Assets</td><td>3,60,000</td></tr> <tr> <td>Reserves (Incl. Provision for Tax Rs.20,000)</td><td>2,00,000</td><td>Investments</td><td>40,000</td></tr> <tr> <td>9% Debentures</td><td>1,00,000</td><td>Current Assets</td><td>2,00,000</td></tr> <tr> <td>Creditors</td><td>35,000</td><td>Preliminary expenses</td><td>15,000</td></tr> <tr> <td></td><td>6,35,000</td><td></td><td>6,35,000</td></tr> </table> <p>The average profit of the Company after tax is Rs.62,000. Fixed Assets are undervalued by Rs.10,000. Normal rate of return is ascertained to be 10%. Calculate the value of goodwill of the company at four times the super profit.</p>	Liabilities	Rs.	Assets	Rs.	10% Preference Share Capital	1,00,000	Goodwill	20,000	20,000 equity shares of Rs.10 each	2,00,000	Fixed Assets	3,60,000	Reserves (Incl. Provision for Tax Rs.20,000)	2,00,000	Investments	40,000	9% Debentures	1,00,000	Current Assets	2,00,000	Creditors	35,000	Preliminary expenses	15,000		6,35,000		6,35,000	K4	CO4																																												
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20	Explain the significance and advantages of Accounting Standards.	K5	CO5																																																																								

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