

2½ Hours

Total Marks: 75

- Note: 1) All questions are compulsory.
 2) Working Notes should form part of your answer.
 3) Give working notes wherever necessary.
 4) Use of Simple Calculator is allowed.

Q.1 A) Choose Correct Alternative and rewrite the sentence: (Any 8) (08)

1. _____ must be included in the "Current Liabilities" section of the Balance Sheet.
 - a) Trade receivables
 - b) Deferred tax assets
 - c) Short-term borrowings
 - d) Property, plant, and equipment
2. Under Schedule III of the Companies Act, 2013, assets are classified as _____.
 - a) Non-Current Assets and Current Assets
 - b) Fixed Assets and Variable Assets
 - c) Contingent Assets and Non-Contingent Assets
 - d) Liquid and Illiquid Assets
3. When an issue is fully subscribed, the liability of the underwriter is _____.
 - a) Reduced proportionately
 - b) Eliminated entirely
 - c) Transferred to sub-underwriters
 - d) None of the above
4. The portion of an issue which is not marked by any specific underwriter is called _____.
 - a) Marked application
 - b) Unmarked application
 - c) Firm underwriting
 - d) Subscribed capital
5. According to AS 11, exchange rate differences arising on the settlement of monetary items should be:
 - a) Deferred
 - b) Recognized in the Profit and Loss Account
 - c) Adjusted in the reserves
 - d) Ignored
6. If a company purchases goods worth \$1,000 when the exchange rate is 1 USD = ₹70, and the rate changes to ₹72 when payment is made, how should the exchange difference be treated?
 - a) As an income of ₹2,000
 - b) As an expense of ₹2,000
 - c) Ignored in the accounts
 - d) Added to the cost of goods purchased
7. AS-13 requires that current investments should be valued at _____.
 - a) Cost
 - b) Market value
 - c) Cost or fair value, whichever is lower
 - d) Cost or market value, whichever is higher
8. When an investment is sold at a price higher than its cost, the difference is recorded as _____.
 - a) Capital Gain
 - b) Revenue Gain
 - c) Depreciation
 - d) Premium on investment
9. _____ is the primary objective of the IFAC Code of Ethics for Professional Accountants.
 - a) To ensure that accountants follow tax laws accurately
 - b) To provide a framework for ethical conduct in accounting practices
 - c) To regulate accounting firms
 - d) To increase profits for organizations
10. Ethical violations in the preparation of financial reports can lead to _____.
 - a) Greater profitability for the company
 - b) Increased trust and confidence from investors
 - c) Loss of credibility, legal penalties, and damage to professional reputation
 - d) More investment opportunities

Q.1 B) Match the terms in Column A with the correct Answers in Column B.: (Any 8) (08)

Column A	Column B
1. Balance Sheet	a) Applications that cannot be identified with a particular underwriter
2. Exchange Rate	b) Decrease in the value of assets due to wear and tear
3. Market Value	c) Applications where the name of the underwriter is noted
4. Integrity	d) Exchange rate at the balance sheet date
5. Marked Applications	e) A statement that shows the financial position of a company
6. Materiality	f) Value of an investment as determined by the stock market
7. Investment Income	g) Ethical principle requiring accountants to act with fairness
8. Depreciation	h) The significance of an item's impact on financial statements
9. Closing Rate	i) Income derived from dividends and interest on investments
10. Unmarked Applications	j) The rate at which one currency is exchanged for another

Q.2 A) Sona Ltd. Provide you the following Trial Balance as on 31st March, 2024 (15)

Particulars	(₹)	Particulars	(₹)
Furniture and Fixtures	5,00,000	Share Capital	30,00,000
Land and Building	20,00,000	General Reserve	2,00,000
Plants and Machinery	2,00,000	Profit for the Year	3,90,000
Patents	3,00,000	Long-Term Debt	50,000
Investments (at Cost)	1,00,000	Term Loan	2,00,000
Loans and Advances	90,000	Debentures	17,00,000
Inventory (at Cost)	2,00,000	Bank Overdraft	1,00,000
Bills Receivable	50,000	Trade Payables	1,20,000
Sundry Debtors	7,50,000	Outstanding Dividend	50,000
Cash at Bank	15,00,000	Tax Provision	50,000
Cash on Hand	1,70,000		
	58,60,000		58,60,000

Additional Information:

1. Authorised Share Capital Consist 5,00,000 Equity Shares of ₹ 10 each and 50,000 10% Preference of ₹ 100 each.
 2. Share Capital Consist 2,00,000 Equity Shares of ₹ 10 each and 10% Preference of ₹ 100 each.
 2. Transfer ₹ 1,90,000 to the General Reserve.
 3. Out of the Debtors ₹ 2,50,000/- are outstanding for a period exceeding six months. All debtors are unsecured and considered good.
 4. Sundry Creditors included Creditors for Goods ₹ 1,00,000. While the remaining are for Expenses.
 5. Investment represents Equity Share in S Ltd. of ₹ 10 each, ₹ 5 Paid up.
 6. Bill Discounted with bank worth ₹ 50,000 not matured till the Balance sheet date.
- You are required to prepare the Balance Sheet of Sona Limited as on 31 March, 2024 as per Schedule III requirements companies Act, 2013.

OR

Q.2 B) Mayank Ltd. issued 3,50,000 equity shares of 20 each. The issue was underwritten by Madhav, Mehak and Manav as follows:

Madhav 1,50,000 shares; Mehak 1,50,000 Shares; Manav 50,000 Shares

An addition, there was Firm underwriting as under:

Madhav 3,000 Shares; Mehak 2,000 Shares and Manav 2,000 Shares.

The company received application for 3,00,000 shares including Firm underwriting and Marked Application. The number of Marked applications were as follows:

Madhav: 1,40,000 shares, Mehak: 1,00,000 shares and Manav: 18,000 shares.

Determine the liability of each of the underwriters, If

1. Benefits of Firm underwriting is given/Credit is given for firm underwriting
2. Benefits of Firm underwriting is not given/Credit is not given for firm underwriting.

Q.3 A) Minakshi Ltd., Imported goods From Magnus Enterprises Chicago worth US \$ 50,00,000 on 20th February, 2024, on which date the exchange rate of 1 US \$ was ₹ 85.00.

The payment for the same was Paid as under:

Date	Amount	Rate
20/03/2024	\$10,00,000	₹ 83.25
20/04/2024	\$10,00,000	₹ 82.50
20/05/2024	\$10,00,000	₹ 81.00
20/06/2024	\$10,00,000	₹ 83.00
20/07/2024	\$10,00,000	₹ 82.75

Minakshi Ltd. closes its books on 31st March every year. The exchange rate on 31st March, 2024 was 1 US \$, ₹ 81.50.

Pass Journal Entries for the above transactions in the books of Minakshi Ltd. and prepare Foreign Exchange Fluctuation Account.

OR

Q.3 B) Following is the extract of Trial Balance of Manisha Ltd. As on 31st March 2024.

Particulars	₹	₹
Sales		3,00,00,000
Opening Stock of Raw Material		30,00,000
Opening Stock of Finished Goods		15,00,000
Purchase of Raw Material		50,00,000
Purchase Return		5,00,000
Sales Return		50,00,000
Dividend received		12,00,000
Sundry Income		5,00,000
Freight on Raw Material		50,000
Salaries and Wages		5,00,000
Bonus to Employees		2,00,000
Directors Remuneration		15,00,000
Depreciation on:		
Plant and Machinery	10,00,000	
Furniture	5,00,000	
Motor Vehicle	1,00,000	16,00,000
Interest on Loan		15,00,000

Repairs and Maintenance	2,00,000
Insurance Premium of Office Premises	50,000
Electricity charges	1,00,000
Advertisement Expenses	2,50,000
Sundry Expenses	20,000
Rent, Rates and Taxes	40,000
Audit Fees	1,00,000

Additional Information

1. Closing stock of Raw Material and Finished Goods was ₹ 12,00,000 and ₹ 17,00,000 respectively.
2. Outstanding Salaries and Wages were ₹ 1,15,000.
3. Sundry Income Receivable was ₹ 30,000.
4. Prepaid Advertisement Expenses ₹ 20,000.
5. Make Provision for Taxation ₹ 4,00,000.

You are required to Prepare Statement of Profit and Loss for the year ended 31st March 2024.

Q. 4 A) On 1st April, 2023; 12,000 11% debentures of ₹ 100 each of Meenal Ltd. were held as investment by Mrs. Menka Mestry at a cost of ₹ 4,80,000.

The following other transactions related to Purchase and Sales of these Debentures are as follows:

Purchase:

31 st May, 2023	2500 Debentures	at ₹ 98 Ex – Interest
28 th February, 2024	2000 Debentures	at ₹ 102 Cum – Interest

Sales:

30 th August, 2023	1500 Debentures	at ₹ 104 Cum – Interest
30 th November, 2023	1200 Debentures	at ₹ 96 Ex – Interest

Meenal Ltd. pays interest on 30th June and 31st December every year.

You are required to prepare investment in 11% debentures in Meenal Ltd. Account for the above Transactions as it would appear in the books of Mrs. Menka Mestry. (Apply AS-13) **(15)**

OR

Q.4 B) On 1st April 2023 Mrs. Meena Singh holds 30,000 Equity Shares of ₹ 10 each in Monsoon Ltd., at a cost of ₹ 4,70,000.

On 30th April, 2023 she purchased 15,000 additional shares of the same Company at a cost of ₹ 2,00,000.

On 10th June 2023 Company issued a bonus of Two share for every Nine shares held as on that date.

On 15th September, 2023 she purchased right shares, announced by the Company at the rate of Three shares for every Eleven shares held as on that date at ₹ 12 each.

On 10th January 2024 she sold 10,000 shares for ₹ 20 each.

Prepare Investment in Equity shares account in the books of Mrs. Meena Singh for the year ended 31st March 2024. **(08)**

Q.4 C) RedShoes Ltd. issued 40,000 debentures of ₹ 100 each. Following three underwriters have taken responsibility as under:
Arther - 18,000 debentures, Jack - 12,000 debentures and Hans - 10,000 debentures.
The company received applications for 37,500 debentures.

The Marked Applications were as under for 35,000 Debentures.
Ravi - 17,000 debentures, Rami - 11,000 debentures and Rory - 7,000 debentures.
You are required to show the allocations of liability of each underwriter. (07)

Q.5 A) 1) Explain Need of ethical behaviour in accounting profession. (08)

2) Explain the increasing role of Whistle-Blowing (07)

OR

Q.5 B) Write Short Notes: (Any 3)

1. Goodwill (15)
2. Marked and Unmarked Application
3. Net Liability of Underwriters
4. Fixed Return based Investment
5. Difference between Reporting currency and Foreign Currency