

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. Which financial statements are mandatory under the Companies Act, 2013?
a) Balance Sheet and Cash Flow Statement b) Profit & Loss Account and Notes to Accounts
c) Balance Sheet and Profit & Loss Account d) Cash Flow Statement and Trial Balance
2. What is the purpose of underwriting shares?
a) To sell shares directly to the public
b) To audit the share issue process
c) To ensure all shares are subscribed, even if not taken by the public
d) To set the share price
3. What is the maximum commission allowed for underwriting shares, as per the Companies Act?
a) 2% b) 5% c) 10% d) 7%
4. AS 1 is related to:
a) Depreciation Accounting b) Valuation of Inventory
c) Disclosure of Accounting Policies d) Recognition of Revenue
5. How are foreign currency transactions recorded in the books of accounts?
a) At the average exchange rate for the month b) At the rate on the day of the transaction
c) At the closing exchange rate d) At any convenient rate
6. When buying shares, brokerage is:
a) Deducted from the investment cost b) Added to the investment cost
c) Ignored in investment accounting d) Included only for government bonds
7. In firm underwriting, underwriters:
a) Are required to buy a fixed number of shares b) Have no liability for unsubscribed shares
c) Are not paid any commission d) Act as brokers only
8. The purpose of ethical behaviour in accounting is to:
a) Maximize profits for companies b) Ensure fairness and transparency in financial reporting
c) Minimize taxes for clients d) Hide financial losses
9. Which of the following is classified as a fixed-income-bearing security?
a) Shares b) Debentures c) Real estate d) Mutual funds
10. The IFAC Code of Ethics is designed for:
a) Promoting financial innovation
b) Encouraging transparency and ethical behaviour among professional accountants
c) Restricting access to financial markets d) Increasing profits for accounting firms

Q.1 B) State whether the following statements are True or False: (Any 7)**(07)**

1. The Companies Act, 2013 mandates the preparation of both the Balance Sheet and Profit & Loss Account.
2. Underwriting commission is paid to ensure underwriters promote the company's stock.
3. Brokerage fees are added to the cost of investment in shares.
4. AS 1 requires companies to disclose only minor accounting policies.
5. Foreign currency transactions are recorded at the exchange rate on the transaction date.
6. Debentures provide fixed income to investors.
7. Unethical behaviour in accounting does not affect the credibility of financial statements.
8. An underwriter's liability is reduced by the number of shares taken by the public.
9. Investment in shares provides fixed income, similar to debentures.
10. The IFAC Code of Ethics applies to professional accountants globally.

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

Particulars	(₹)	Particulars	(₹)
Property	10,00,000	Share Capital	22,50,000
Bank Balance	5,00,000	Capital Reserve	1,20,000
Trade Receivables	3,50,000	Profit for the Year	3,50,000
Intangible Assets (Goodwill)	4,00,000	Long-Term Debt	90,000
Investments (at Cost)	50,000	Financial Institution Loan	1,25,000
Equipment	1,50,000	Bank Overdraft	75,000
Cash on Hand	70,000	Outstanding Dividend	12,000
Bills Receivable	1,10,000	Trade Payables	1,70,000
Advances	77,000	Tax Provision	15,000
Building	5,00,000	Bank Loan	2,00,000
Inventory (at Cost)	2,00,000		
	34,07,000		34,07,000

Additional Information:

1. Authorised Share Capital Consist 2,50,000 Equity Shares of ₹ 10 each and 25,000 10% Preference of ₹ 100 each.
 2. Share Capital Consist 1,20,000 Equity Shares of ₹ 10 each and 10% Preference of ₹ 100 each.
 2. Transfer ₹ 1,50,000 to the General Reserve.
 3. Out of the Debtors ₹ 1,00,000/- 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 Z Ltd. of ₹ 10 each, ₹ 8 Paid up.
 6. Bill Discounted with bank worth ₹ 1,00,000 not matured till the Balance sheet date.
- You are required to prepare the Balance Sheet of Deep Limited as on 31 March, 2024 as per Schedule III requirements companies Act, 2013.

OR

Q.2 B) Sanju Ltd. issued 1,80,000 equity shares of 20 each. The issue was underwritten by Saavi, Shruti and Sakshi Equally: (15)

An addition, there was Firm underwriting as under:

Saavi 2,000 Shares; Shruti 3,000 Shares and Sakshi 4,000 Shares.

The company received application for 1,50,000 shares including Firm underwriting and Marked Application. The number of Marked applications were as follows:

Saavi: 39,000 shares, Shruti: 20,000 shares and Sakshi: 25,000 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) Sanya Ltd., exported goods to Sophia Trading Company Canada worth US \$ 20,00,000 on 06th January, 2024, on which date the exchange rate of 1 US \$ was ₹ 82.50. (15)

The payment for the same was received as under:

On 30/01/2024 Payment of \$ 5,00,000 were received when exchange rate was ₹ 82.00.

On 28/02/2024 Payment of \$ 5,00,000 were received when exchange rate was ₹ 83.00.

On 02/04/2024 Payment of \$ 5,00,000 were received when exchange rate was ₹ 85.00.

On 10/05/2024 Payment of \$ 5,00,000 were received when exchange rate was ₹ 81.00.

Sanya Ltd. closes its books on 31st March every year. The exchange rate on 31st March, 2024 was 1 US \$, ₹ 80.75.

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

OR

Q.3 B) Following is the extract of Trial Balance of Tamanna Ltd. As on 31st March 2024. (15)

Particulars	₹	₹
Freight Inward	1,70,000	
Interest Income		2,50,000
Employee Bonus	25,000	
Rent and Taxes	55,000	
Utility Expenses	90,000	
Depreciation on:		
- Machinery	1,00,000	
- Office Furniture	50,000	
- Buildings	4,00,000	
- Total Depreciation	5,50,000	
Discounts Received		1,20,000
Maintenance Costs	85,000	
Sales Commission	12,000	
Revenue from Sales		48,00,000
Employee Salaries	2,00,000	

Labor Costs	60,000	
Inventory at Beginning	9,00,000	
Total Purchases	21,00,000	
Marketing Expenses	65,000	
Accounting Fees	35,000	
Telephone Charges	75,000	
Interest Expenses	6,00,000	
Purchase Returns		40,000

Additional Information

1. Closing Stock is valued at ₹ 20,00,000.
2. Make a Provision for Tax ₹ 5,00,000.

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

Q. 4 A) On 1st April, 2023; 5,000 14% debentures of ₹ 100 each of Saffron Ltd. were held as investment by Mr. Aarav Malhotra at a cost of ₹ 4,80,000.

The following other transactions related to Purchase and Sales of these Debentures are as follows: (15)

Purchase:

01 st July, 2023	1500 Debentures	at ₹ 98 Ex – Interest
01 st September, 2023	2000 Debentures	at ₹ 102 Cum – Interest

Sales:

01 st January, 2024	2500 Debentures	at ₹ 104 Cum – Interest
01 st March, 2024	1000 Debentures	at ₹ 96 Ex – Interest

Saffron Ltd. pays interest on 31st March and 30th September every year.

You are required to prepare investment in 14% debentures in Saffron Ltd. Account for the year ending 31st March, 2024 as it would appear in the books of Mr. Aarav Malhotra. (Apply AS-13)

OR

Q.4 B) On 1st April 2023 Mr. Kiaan Sharma holds 50,000 Equity Shares of ₹ 10 each in NexGen Ltd., at a cost of ₹ 6,70,000.

On 30th May, 2023 he purchased 20,000 additional shares of the same Company at a cost of ₹ 2,20,000.

On 15th July 2023 Company issued a bonus of Two share for every Seven shares held as on that date.

On 20th August, 2023 he purchased right shares, announced by the Company at the rate of Three shares for every Eight shares held as on that date at ₹ 11 each.

On 10th February 2024 he sold 5,000 shares for ₹ 20 each.

Prepare Investment in Equity shares account in the books of Mr. Kiaan Sharma for the year ended 31st March 2024. (08)

Q.4 C) BlueSky Ltd. issued 20,000 debentures of ₹ 100 each. Following three underwriters have taken responsibility as under:

Ravi - 10,000 debentures, Rami - 2,000 debentures and Rory - 8,000 debentures.

The company received applications for 18,500 debentures.

The Marked Applications were as under for 13,000 Debentures.

Ravi - 8,000 debentures, Rami – 1,000 debentures and Rory - 4,000 debentures.

You are required to show the allocations of liability of each underwriter. (07)

Q.5 A) 1) What is the importance of ethical behaviour in the accounting profession? (08)

2) Explain the role of the IFAC Code of Ethics for Professional Accountants. (07)

OR

Q.5 B) Write Short Notes: (Any 3) (15)

1. Depreciation
2. Types of Underwriting
3. Types of Investment
4. Foreign Exchange Fluctuation Account
5. Role of Whistleblowing