



- a) Government of India
  - b) Company Law Board
  - c) SEBI
  - d) Registrar of Companies
5. A company after the completion of a buyback of its shares
- a) Can not issue same kind of shares within one year
  - b) Can not issue same kind of shares within 6 months
  - c) Can issue same kind of shares within 6 months
  - d) Can not issue bonus shares
6. Capital reduction scheme is worth considering
- a) If the company is small
  - b) If the company has recovery prospects
  - c) If the company has no prospects.
  - d) If the company is less capitalized
7. The company must apply for an order confirming the reduction
- a) To the Supreme Court
  - b) To the High Court
  - c) To the Tribunal
  - d) To the Liquidator
8. Liquidation of Companies the payment schedule is as
- a) Liquidator expenses, Outsider Liabilities, Preferential Liabilities, Owners
  - b) Outsider Liabilities, Preferential Liabilities, Liquidator expenses, Owners
  - c) Liquidator expenses, Preferential Liabilities, Outsider Liabilities, Owners
  - d) Liquidator expenses, Outsider Liabilities, Owners, Preferential Liabilities
9. Investment Allowance Reserve is
- a) Capital Reserve
  - b) Statutory Reserve
  - c) Revenue Reserve
  - d) All of the above
10. For calculating Purchase Consideration under AS – 14:
- a) Only payment to equity shareholders are to be taken into consideration
  - b) Only payment to shareholders are taken to into consideration
  - c) Only payment to shareholders as well as debenture holders are taken to into consideration
  - d) Payment to All stakeholders is taken into consideration

Q.2. a. ISPAT India Ltd. a company which deals in Iron & Steel has suffered heavy losses and looks to restructure its Balance Sheet. It seeks your advice as to how the balance sheet can be restructured and how the restructured Balance Sheet can be made?

From the below information are provided:

15 M



CITI Bank Financial	1,00,000 shares
JM Financial	1,00,000 shares
Morgan Stanley	1,00,000 shares

The Application bearing the stamp of lead manager. (Excluding the shares taken by them) was:

SBI Capital	30,00,000 shares
CITI Bank Financial	20,00,000 shares
JM Financial	10,00,000 shares
Morgan Stanley	5,00,000 shares

The Application bearing No stamp of the lead manager was 6,00,000 shares

Prepare a statement of Underwriting of shares & also calculate the Net Liability of Underwriters for a Commission to be paid @ 5% on Issue price of the shares.

Also Pass Journal Entries in context to the Underwriters.

15 M

Q.3. a. Following is the balance sheet of M/s Sharp Ltd. as on 31<sup>st</sup> March, 2019:

Balance sheet of M/s Component Limited as at 31<sup>st</sup> March, 2019

15 M

Particulars	Note No.	Rs.
<b>A. EQUITY AND LIABILITIES</b>		
<b>1. Shareholders' Funds:</b>		
a. Share Capital	1	25,00,000
b. Reserves & Surplus	2	37,50,000
c. Money Received against Share warrants		-
<b>2. Share Application Money received Pending allotment:</b>		
<b>3. Non-Current Liabilities:</b>		
a. Long-Term Borrowings	3	57,50,000
<b>4. Current Liabilities:</b>		
a. Short Term Borrowings		13,00,000
b. Trade Payables		10,00,000
c. Other Current Liabilities		10,00,000
<b>Total</b>		<b>1,53,00,000</b>
<b>B. ASSETS</b>		
<b>1. Non-Current Assets:</b>		
a. Fixed Assets	4	93,00,000
i. Tangible Assets		
b. Non-Current Investments		-
<b>2. Current Assets:</b>		
a. Current Investments		10,00,000
b. Inventories		10,00,000
c. Trade Receivables		10,00,000
d. Cash & Cash Equivalents		30,00,000
<b>Total</b>		<b>1,53,00,000</b>

Notes of Accounts:

<b>1. Share Capital:</b>	
<u>Authorised Capital:</u>	
3,00,000 Equity Shares of Rs. 10 each	30,00,000
Issued, Subscribed and paid up Capital:	
2,50,000 Equity Shares of Rs. 10 each fully paid	25,00,000
<b>2. Reserve &amp; Surplus:</b>	
Revenue Reserve	30,00,000
Security Premium	5,00,000
Profit & Loss A/c	2,50,000
	<b>37,50,000</b>
<b>3. Long Term Borrowings:</b>	
Secured Loans:	
12% Debentures	37,50,000
Unsecured Loans	20,00,000
	<b>57,50,000</b>
<b>Fixed Assets:</b>	
<u>a. Tangible assets:</u>	
Land & Building	53,00,000
Plant & Machinery	30,00,000
Furniture & Fittings	10,00,000
	<b>93,00,000</b>

The company wants to buy back 50,000 equity shares of RS.10 Each on 1<sup>st</sup> April, 2019 at RS. 20 per share. Buy back of shares is duly authorised by its articles and necessary resolution passed by the company towards this. The payment for buy back of shares will be made by the company out of sufficient bank balance available.

Comment with your calculations, whether buy back of shares by company is within provisions of the Companies Act, 2013. If yes, pass necessary journal entries towards buy back of shares and prepare a Balance sheet after a buyback of shares.

OR

Q.3 b. The following is the Balance Sheet of Suman Ltd. which is in the hand of Liquidator. **15 M**  
Balance Sheet as at 31-12-2019

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets	1,00,000
500 6% Preference shares of Rs.100 each, fully paid	50,000	Stock	60,000
1,000 Equity Shares of Rs. 100 each, fully paid	1,00,000	Book Debts	1,20,000
3,000 Equity Shares of Rs.50 each, Rs.25 paid	75,000	Cash	20,000
Loan from Bank (on security of stock)	50,000	Profit and Loss	1,50,000
Trade Creditors	1,75,000		
	<b>4,50,000</b>		<b>4,50,000</b>

The assets realized the following amounts (after all costs of realization and liquidators remuneration amounting to Rs.3,000 paid out of cash in hand Rs.20,000 as per Balance Sheet):

Fixed Assets	84,000
Stock	55,000
Book Debts	1,15,000

Prepare the Liquidators Final Statement of Account.

Q.4. a. The Summarised Balance sheet of A Ltd. & B Ltd. as at 1<sup>st</sup> April, 2019 are as follows:

**Balance Sheet of A Ltd. & B Ltd.**

**15 M**

Particulars	Note No.	A Ltd. Rs.	B Ltd. Rs.
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds:</b>			
a. Share Capital:			
Equity Shares of Rs. 10 each fully paid		6,00,000	5,00,000
11% Preference Shares of Rs. 10 each fully paid		-	3,00,000
b. Reserves & Surplus			
Profit & Loss A/c		2,00,000	-
Reserves		2,40,000	-
<b>2. Share Application Money received Pending allotment:</b>			
<b>3. Non-Current Liabilities:</b>			
a. Long-Term Borrowings – 12% Debentures		1,00,000	2,00,000
<b>4. Current Liabilities:</b>			
a. Trade Payables			
Sundry Creditors		60,000	1,00,000
<b>Total</b>		<b>12,00,000</b>	<b>11,00,000</b>
<b>B. ASSETS</b>			
<b>1. Non-Current Assets:</b>			
b. Fixed Assets			
i. Tangible Assets			
Plant & Machinery		7,00,000	8,00,000
<b>2. Current Assets:</b>			
a. Inventories		2,00,000	60,000
b. Trade Receivables			
Sundry Debtors		2,50,000	1,40,000
c. Cash & Cash Equivalents			
Cash at Bank		50,000	1,00,000
<b>Total</b>		<b>12,00,000</b>	<b>12,00,000</b>

The above two companies agree to amalgamate and form a new company AB Ltd. on the following conditions:

**A Ltd**

1. For every 5 equity shares, 6 shares of AB Ltd. of Rs. 10 each will be issued at premium of 50%.
2. Debenture holders will be issued 12% debentures of AB Ltd. of same amount and denomination.

**B Ltd.**

1. The holders of 11% Preference shares will be allotted 4, 13% Preference shares of Rs. 10 each of AB Ltd. for every 5 shares held.
2. For every 5 equity shares 6 shares of AB Ltd. of Rs. 10 each will be issued at premium of 50%.
3. Debenture holders will be issued 12% debentures of AB Ltd. of same amount and denomination.
4. Creditors worth Rs. 10,000 in the balance sheet of A Ltd are from the goods purchased by B Ltd.

You are required to show:

1. The calculation of purchase consideration
2. Journal Entries in the books of AB Ltd. under Purchase method
3. Opening Balance sheet of AB Ltd.

OR

Q.4. b. Following is the summarised balance sheet of Hexza Ltd. as at 31<sup>st</sup> March, 2019:

Balance sheet as at 31<sup>st</sup> March, 2019

15 M

Particulars	Note No.	Rs.
<b>A. EQUITY AND LIABILITIES</b>		
<b>1. Shareholders' Funds:</b>		
a. Share Capital		60,00,000
b. Reserves & Surplus		
General Reserve		12,00,000
Profit & Loss A/c		15,20,000
Workmen profit sharing fund		6,00,000
<b>2. Share Application Money received Pending allotment:</b>		-
<b>3. Non-Current Liabilities:</b>		
<b>4. Current Liabilities:</b>		
a. Trade Payables		8,00,000
Creditors		
<b>Total</b>		<b>1,01,20,000</b>
<b>B. ASSETS</b>		
<b>1. Non-Current Assets:</b>		
a. Fixed Assets		
i. Tangible Assets		
Building		14,00,000
Plant & Machinery		26,00,000
ii. Intangible assets		
Goodwill		16,00,000
<b>2. Current Assets:</b>		
a. Inventories		14,00,000
b. Trade Receivables		
Sundry Debtors		18,00,000
c. Cash & Cash Equivalents		
Cash at Bank		13,20,000
<b>Total</b>		<b>1,01,20,000</b>

Penta Ltd decided to absorb the business of Hexza Ltd. on 1<sup>st</sup> April, 2019 at the respective book value of assets and trade liabilities except building which was valued at Rs, 24,00,000 and Plant & machinery at Rs, 20,00,000.

Purchase consideration was payable as follows:

1. Payment of Liquidation Expenses Rs. 10,000.
2. Issue of Equity shares of Rs. 10 each fully paid at Rs. 11 per share for every Preference shares and every Equity share of Hexza Ltd. and a payment of Rs. 4 per Equity share in cash.
3. Sundry Creditors of Hexza Ltd worth Rs. 1,00,000 were due to Penta Ltd.
4. Inventories worth Rs. 1,20,000 of Hexza Ltd was the unsold stock purchase from Penta Ltd on which the company charges profit of 20% on Sales.

Calculate the Purchase consideration, show the necessary ledger accounts in the books of Hexza Ltd. and opening Journal Entries in the books of Penta Ltd.