

Time : 2 ½ hour

Marks:75

Note:

- (1) All Questions are compulsory with Internal Choice.
 (2) Each Questions carries equal marks.
 (3) Use of Simple Calculator is allowed.

Q.1. A] Rewrite the statement with the correct alternative. (Any 7 /10) (07)

- (1) When the entire issue is underwritten it is called _____
 (a) Full underwriting (b) Partial underwriting
 (c) No underwriting (d) Sole underwriting
- (2) In case of Debentures the commission cannot exceed _____
 (a) 2.5% of issue price (b) 7.5% of issue price
 (c) 5% of issue price (d) 10% of issue price
- (3) The interest on bonds is to be calculated on _____.
 (a) Cost (b) Number of bonds
 (c) Face value (d) Market value
- (4) The cost of investment sold is to be calculated as per _____ method.
 (a) FIFO (b) Weighted average
 (c) LIFO (d) Simple Average
- (5) Following is an example of a non-monetary item _____
 (a) Debtors (b) Creditors
 (c) Bank Account (d) Inventories
- (6) The Balance in exchange difference on transaction of export sale is transferred to

 (a) Sales A/c (b) Debtors A/c
 (c) Profit & Loss A/c (d) Trading A/c
- (7) Business Responsibility Reporting is mandatory _____.
 (a) Under the companies Act, 2013 (b) for listed companies under SEBI
 Regulations
 (c) Under Accounting Standard (d) None of the above
- (8) The IFAC Code has _____ parts.
 (a) One (b) Two
 (c) Three (d) Five
- (9) Obey certain ethical rules no matter what the results are
 (a) Ethical relativism (b) Deontological ethics
 (c) Ethical absolutism (d) Teleological ethics
- (10) Corporate Governance provisions in India are to be found in _____.
 (a) The companies Act, 2013 (b) The SEBI listing agreement Clause49
 (c) Both (a) and (b) (d) None of the above

Q-1 (B) State whether the following statement are True or False. (Any 8/10) (08)

- (1) The applications received by the company with seal or stamp of certain underwriters is known as marked applications.
- (2) Assets, which are held as stock in trade are investment.
- (3) Ex- interest price includes interest accrued
- (4) Investment held for more than 12 month are long term investment.
- (5) Closing rate is the exchange rate at the close of the day on which a transaction takes place.
- (6) Capital work in progress is shown under 'Share Capital'
- (7) Change in accounting policy adopted should be disclosed
- (8) In Ethical absolutism, Ethics are unchanging over time and places.
- (9) The rule based approach focuses on mechanism
- (10) A conflicts of Interest creates threat to Objectivity.

Q.2.A] Shanti Ltd made a public issue of 2,50,000 equity shares of Rs. 10 each, the entire amount payable on application. The entire issue was underwritten as follows: A – 30%, B – 25%, C -25% and D -20% of public issue respectively. A, B, C and D had also agreed on firm underwriting of 8,000; 12,000; Nil and 30,000 shares respectively. The total subscriptions excluding firm underwriting including marked applications were 1,80,000 shares. The marked applications received as under :

Underwriter	No. of shares
A	48,000
B	40,000
C	24,000
D	48,000

Ascertain the net liability of each underwriter when benefit of underwriting is given and You are required to find out the liabilities of individual underwriters both when credit for firm underwriting is given and when the benefit is not given to underwriters. (15)

OR

Q.2. B] From the following ledger balances of ROHAN Limited as on 31st March, 2021, you are required to prepare the Balance Sheet as on 31st March, 2021 as per Schedule III of the Companies. (15)

Particulars	Rs.	Particulars	Rs.
Furniture	7,20,000	Profit and Loss A/c	6,22,500
Investment	3,60,000	Sundry Creditors	2,52,750
Bills Receivable	2,44,000	Outstanding Expenses	54,000
Plant and Machinery	27,00,000	Cash balance	1,12,500
Goodwill	1,24,000	10% Debenture	4,65,000
Sundry Debtors	2,85,000	12% Preference Share Capital	8,25,000
Preliminary expenses (unwritten off)	45,000	Equity Share Capital	22,50,000
Security Deposit- Long term	1,50,000	Capital Reserve	2,89,425
Interest accrued on Debentures	76,500	Provision for Taxation	39,825
Cash and Bank	34,500	Stock in trade	1,00,000,

Q.3.A] Pass Journal Entries for the year ended on 31st March, 2021 and 31st March, 2022. The following are the Foreign Exchange transactions in the books of "Shravan Ltd". On 1st January, 2021 Shravan Ltd purchased \$ 63,750 worth goods from AMEX Trading company of USA. (15)

The payment was made as under:

on 20 th January, 2021	\$ 12,000
on 20 th February, 2021	\$ 13,500
on 20 th March, 2021	\$ 21,750
on 20 th April, 2021	\$ 16,500

Sawant Ltd closes its books on 31st March, every year. The exchange rate for 1\$ was as follows:

1 st January, 2021	Rs. 48.50	20 th January, 2021	Rs. 49.25
20 th February, 2021	Rs. 48.25	20 th March, 2021	Rs. 48.40
31 st March, 2021	Rs. 48.75	20 th April, 2021	Rs. 48.60

OR

Q.3.(B) are the extract of balance of ANITA Ltd as on 31st March, 2022. (15)

Particulars	Rs.	Particulars	Rs.
Sales	95,00,000	Depreciation on :-	
Opening Stock	13,12,500	- Premises	4,37,500
Purchases	23,62,500	- Plant and Machinery	2,62,500
Purchase Return	1,75,000	Interest paid on debentures	4,37,500
Sales Return	17,50,000	Repairs and Maintenance	70,000
Interest received on Investment	4,37,500	Insurance Premium of office premises	26,250
Sundry income	3,50,000	Rent, Rates and taxes	35,000
Freight	26,250	Audit fees	17,500
Salaries and wages	3,50,000	Sundry Expenses	8,750
Bonus to employees	70,000		

Additional Information:-

- (a) Closing stock at cost Rs.4,37,500 and Market value Rs.5,25,000 respectively
 (b) Rate of taxation is 30%

Prepare Statement of Profit and Loss Account for the year ended 31st March, 2022 as per the provision of companies Act.

Q.4. A] Mr. Arun gives you his following details of investment for the year in 12 % Debentures of Rs.100 each in ADANI Ltd.

Date	Particulars	Numbers of Debentures	Terms
01/04/2021	Balance	2,000	Cost Price Rs.2,02,000
30/06/2021	Purchased	1,000	Rs.103 Cum-Interest
31/12/2021	Sold	1,200	Rs.104 Ex-Interest
01/02/2021	Purchased	600	Rs.97 Cum Interest

Interest is payable half yearly on 30 September and 31 March every year. The Books of accounts are closed on 31st March every year Prepare 12% Debenture Account in the books of Mr. Arun for the year ended on 31st March, 2022. (15)

Q-4 B] A company issued 25,00,000 shares of Rs.10 each at par. 7,00,000 shares were issued to the promoters and the balance offered to the public was underwritten by three underwriters P, Q and R in the ratio of 2:3:4 with firm underwriting of 50,000, 60,000 and 70,000 shares each respectively. Total subscription received 13,88,000 shares including marked application and excluding firm underwriting. Marked applications were as follows:

P - 3,00,000 shares, Q - 3,50,000 shares and R - 4,50,000 shares.

Unmarked and surplus applications to be distributed in gross liability ratio. Ascertain the liability of each underwriter.

Determine the liabilities of individual underwriters when credit for firm underwriting is not given to underwriters. (08)

Q-4 (C) On 1st June, 2021 M/s Intel Ltd exported goods worth US \$ 67,500 to M/s Jim & Co, Canada. M/s Jim & Co paid the installment as under:- (07)

Date	Instalment in US \$	Exchange rate per US \$ (Rs.)
10 th July, 2021	33,750	44
10 th April, 2022	33,750	45

Additional information:

- (1) Exchange rate as on 1st June, 2021 was Rs.45 per US \$ and as on 31st March, 2022 was Rs.44 per US \$.
- (2) Accounts are closed on 31st March, every year
Pass Journal entries for the year ended on 31st March, 2022 in the books of M/s. Intel Ltd.

Q.5.A] Discuss the purpose of Code of Ethic. (08)

B] Explain different forms of underwriting. (07)

OR

Q.5.C] Short Note on (Any 3) (15)

- (1) Advantages of Underwriting.
- (2) Cum Interest and Ex Interest.
- (3) Investment Accounting.
- (4) Effect of Changes in Exchanges' Rates.
- (5) Whistle Blowing.
