

HBFM. sem-V

- 6) Stock is considered as a value of stock if it is underpriced.
- 7) Defensive stocks are the sound investment avenues during the downturn of the economy and market.
- 8) When a detective is questioning a person regarding a crime happened in the area, he is using focused interview.
- 9) Pilot Study is the study to check the quality of secondary data.
- 10) Research design gives a conceptual framework of the research.

Q.2. (A) What are the essential factors to consider before making an investment? (7)

Q.2. (B) Explain significance of Michael Porter's Model in equity research. (8)

OR

Q.2 (C) Explain the importance and use of Macroeconomics. (8)

Q.2 (D) What is PESTLE? (7)

Q.3 (A) Explain four similarities and four differences of qualitative research and quantitative research. (8)

Q.3 (B) Explain the two approaches in fundamental analysis. (7)

OR

Q.3 (C) Explain various stages in research problem. (7)

Q.3 (D) Explain the study of microeconomics may not be directly sufficient for conducting In- depth equity market research. (8)

Q.4 (A) Describe the research conducted in the financial market and outline its features. (8)

Q.4 (B) Which of the components of the income statement would you focus more while reading the income statement for the purpose of equity research? (7)

OR

Q.4 (C) Explain the Research design and also explain the features of good research design. (10)

Q.4 (D) What are the disadvantages of survey method? (5)

Q.5 (A) How the conversion of preference shares of a company may affect valuation of the Equity shares of the same company? (8)

Q.5 (B) What is primary data? Explain its advantages (7)

OR

Q.5 (C) **Short Notes: (Attempt any three)** (15)

- a) Success factor to the company
- b) Qualities of Researcher's Analyst.
- c) Research
- d) Published sources of secondary data
- e) Merger and Acquisition

Duration: 2.5 Hours

Marks: 75

N. B 1) All questions are compulsory.

2) Figures to the right indicate the maximum marks.

Q.1 (A) Fill in the blanks from the options given below (Attempt any eight) (8)

- a) ____ is research done on privately owned equity securities.
(Sectoral Research; Investment Research; Private Equity Research; Value Research)
- b) _____ research is designed to solve practical problems in the modern world.
(Basic; Basic; scientific, analytical)
- c) ____ is the advantages of secondary data.
(Rigid procedure; subjective investigations; Cost effectiveness, statistics)
- d) Research is conducted to evaluate the validity of _____.
(Study; Decision; Problem; Hypothesis)
- e) ____ stocks are ideally used to hedge the positions..
(Beta; Large Cap; Small Cap, Blue Chip)
- f) ____ represents ownership in a Company.
(Common stock; warrants; bonds; partly paid up stocks)
- g) When the market index is continuously rising, it is a sign of _____.
(Bearish market; Sideways; Doubtful Market; Bull Run)
- h) SCP analysis Stands for _____.
(Securities Company Profit; Structure Company Profit; Securities Conduct Performance; Structure Conduct Performance)
- i) ____ is the regulator of Indian Capital Markets.
(FIMMDA, SEC, SEBI, FDAI)
- j) EMH stands for _____.
(Efficient market Hypothesis; Effective market Hypothesis; Effective moving Hypothesis, Efficient moving Hypothesis)

Q.1 (B) True or False. (Attempt any Seven) (7)

- 1) Dividend payout ratio indicate the relationship between the earning and dividend.
- 2) Immediately after buyback the next process is relisting of shares.
- 3) Right issue is the shares given to debenture holders on conversion..
- 4) 'Price Reflects everything', is the key assumption of technical analysis.
- 5) The companies with a market cap of Rupees 2 Crores and more are considered as Blue Chip companies.

Time: 2½ Hours

Total Marks: 75

- N.B.:**
1. All Questions are compulsory.
 2. Figures the right indicates full marks
 3. Use of simple calculators is allowed
 4. Working notes should form part of your answer.

Q.1 State whether following statement is True or False. (Any 8) (08)

1. Andheri Sports Club is an example of association of person.
2. Mr. Raju earns Rs.2,00,000 as interest on PPF, is Taxed Income from other sources.
3. Professional tax of Rs.2500 payable by the employee but paid by the employer is an exempt prerequisite.
4. Remuneration Received by Member of Parliament is taxable as income from other sources.
5. Gross Annual value less municipal tax paid means net annual value.
6. Mr. Anuj is physically handicapped person (85%) as certified by medical authorities; he can claim Rs.125000 as deduction U/s 80DD.
7. Vinayak received gift from his father which is taxable in his hands.
8. Net Annual value of self-occupied property is NIL.
9. The Maximum Amount for leave encashment is Rs.3,00,000.
10. The income earned Rs.10000 in USA by resident Indian is not taxable in India.

Q.1 (B) Match the Column. (Any 7) (07)

Sr. No	Column A	Sr. No	Column B
1	Salary to partner by Firm	A	Perquisite
2	Capital expenditure on repairs of factory building	B	More than 36 months
3	Pre-acquisition interest on house property	C	Business Income
4	Reasonable letting Value	D	Deductible on pro rata basis
5	Short term Capital Asset	E	Not allowed as business income
6	Value of rent-free Accommodation	F	Rs.20,00,000
7	Discount on zero coupon bonds	G	Deductible in 5 equal instalments
8	Gratuity	H	Rs.5,00,000
9	Retrenchment compensation	I	Less than 36 months
10	Long term Capital Asset	J	Cannot be exceed standard rent

Q.2 Compute Mr. Sanket's Income from following Particulars assuming he is 1) R and OR 2) R and NOR 3) NR (15)

Sr.no	Particulars	Rs
1	Income from Agricultural in Maldives	1,20,000
2	Interest from Bank Account in Singapore	1,40,000
3	Dividend on shares of co-operative bank in India	1,60,000
4	Salary earned and received in Mauritius	1,80,000
5	Income from Business in Nepal controlled from India	2,00,000
6	Income received in Pakistan for services rendered in India	2,20,000
7	Interest from bonds issued by Indian companies	2,40,000
8	Past untaxed Profit earned outside India, brought to India	2,60,000

OR

Q.2 Mr. Parag Jog works with New City Light Engineers Pvt. Ltd as Sales Manager. He Gives you following information for the year ended 31st March 2024. Compute His Taxable income for the assessment Year 2024-25 (15)

Sr.no	Particulars	Rs
1	Basic Salary	4,80,000 p.a.
2	Dearness Allowance	1,20,000 p.a.
3	Advance Salary	1,00,000
4	Reimbursement of Medical Expenses	36,500
5	Commission on Sales	76,000 p.a.
6	Tour Allowance (Amount Spent on tour for official purposes Rs.38,000)	48,000 p.a.
7	Professional Tax Deducted at source	2,500 p.a.

Other Information

- He Received dividend of Rs.2000 from Tata Motors Ltd
- He Received Interest of Rs.20,000 as Interest on Debentures.
- He spent medical expenses of Rs.65,000 on medical treatment of his handicapped brother (45% disability)
- He Had Taken a loan from Bank of Baroda for higher education of his son who is pursuing an engineering degree with Pune University and Paid Interest of Rs.72,000.

Q.3 Miss Prachi Shinde Furnishes the following information of his Income and Investments for the previous year 2023-24. Compute his net taxable income for the assessment year 2024-25 (15)

a) Information regarding House Property.

Sr.no	Particulars	House 1 (LOP)	House 2 (SOP)
1	Fair Rent	90,000	60,000
2	Municipal Value	80,000	50,000
3	Rent Received	1,00,000	-
4	<u>Municipal Taxes paid</u>		
5	Owner	10,000	10,000
6	Tenant	5,000	-
7	Interest on Borrowed Capital for construction of House Property	20,000	20,000

b) Other Information

- He received Interest on debentures in Tata steel Rs. 20,000
- He received Dividend from UTI Rs.5,000
- He paid premium of rs.25,000 towards approved pension plan of LIC of India.

OR

Q.3 Mr. Abhishek Jain Acquired residential property on 1/5/1993 for Rs.2,50,000. Fair Market Value of that Property was Rs. 4,00,000 as on 1st April 2001. Calculate long term capital Gain for the assessment year 2024-25. Additional information is as follows (15)

A. Cost of Improvement made by him

- In the year 1995-96 of Rs.50,000
- In the Year 2007-08 Rs.1,50,000
- In the year 2018-19 Rs. 5,00,000

B. He sold the residential Property on 26th Feb 2024 for Rs. 3,00,00,000.

C. He Acquired the new Property for Rs. 90,00,000 on 18th March 2024.

D. He also Invested in REC Bonds Rs.45,00,000 on 1st March 2024.

E. Expenses of Transfer Rs, 1,00,000.

Inflation Index

Financial Year	CII
2001-02	100
2007-08	129
2018-19	280
2023-24	348

Q.4 MR. Mayuresh provides the following information for the previous year ended 31st March 2024. You are required to compute his total income for the assessment year 2024-25 (15)

Expenses	Rs	Income	Rs
To Rent	30,000	By Gross Profit	7,75,000
To Salaries	1,60,000	By Interest on Bonds	50,000
To Motor Car expenses	25,000	By Dividend from Indian Companies	5,000
To Life Insurance Premium	60,000	By Winning from Lottery	5,000
To Income Tax	26,000	By Gift received from Father	5,000
To Printing and stationary	10,000		
To Conveyance	36,000		
To Depreciation	35,000		
To Donations	25,000		
To Net Profit	4,33,000		
Total	8,40,000	Total	8,40,000

Additional Information:

1. Salaries include Rs.40,000 given to his son who is working under as senior accountant.
2. Depreciation as per IT rule is Rs.38,000.
3. 40% of Rent paid towards his residential house.
4. He paid medical insurance premium for Rs.18,000.

OR

Q.4 MR. Umar provides the following information for the previous year ended 31st March 2024. You are required to compute his total income for the assessment year 2024-25. (15)

Expenses	Rs	Income	Rs
To Salaries	1,30,000	By Gross Profit	7,67,000
To Rent	30,000	By Interest on Bonds	5,000
To Printing and Stationary Expenses	25,000	By Gift received from Father	14,000
To Entertainment Expenses	18,000	By Winning from cross word puzzle	12,000
To Motor Car Expenses	60,000	By Interest on NSC	3,000
To Advertisement Expenses	50,000		
To Drawings	60,000		
To Embezzlement by an employee	7,000		
To Staff welfare expenses	70,000		
To Depreciation	35,000		
To Income Tax	16,000		
To Net Profit	3,00,000		
Total	8,01,000	Total	8,01,000

- Advertisement expenses include Rs.5,000 for advertisement in a souvenir of political party.
- Staff welfare expenses include Rs. 20,000 for his own medical treatment
- 50% of rent paid for his residential house.
- Depreciation as per income tax rule is Rs.38,000
- Interest paid on loan from IDBI for higher education loan for his daughter Rs.30,000

Q.5. A Explain Employer Employee relationship with example under the income from Salary (08)

Q.5 B. Explain conditions for resident and also for ordinary resident (07)

OR

Q.5 Short Notes (Any 3) (15)

- Explain short term capital assets of 12 months category.
- Interest on Borrowed capital
- Income from other sources
- Gratuity
- Association of person and body of individuals

Time: 2:30 Hours

Marks: 75

Note: All questions are compulsory subject to internal choice.
Each question carries 15 marks.

Q1. A. Match the following (any Eight)

(8)

Group A	Group B
1. Derivative	A. The current market price of an asset
2. Spot price	B. A contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specified price on or before a specified date
3. Arbitrage	C. A financial instrument that derives its value from an underlying asset
4. Option	D. A transaction involving the simultaneous purchase and sale of the same asset in different markets to profit from price discrepancies
5. Warrant	E. A long-term option issued by a company
6. Future	F. A standardized contract for the purchase or sale of a specified asset at a predetermined price on a future date
7. Hedge	G. A strategy to reduce risk by taking an opposing position in a related asset
8. Speculation	H. Money deposited by a buyer or seller of a futures contract to guarantee performance
9. Clearing house	I. An institution that acts as a central counterparty in futures and options contracts
10. Margin	J. The act of buying or selling securities in the hope of making a profit from price fluctuations

Q1. B. True or False (any Seven)

(7)

- Derivative value is derived from only one underlying asset.
- Speculators are participants who make profit from pricing differential.
- Basis = Spot price + future price.
- Hedging is a tool for reducing risk.
- ITM means in the money.
- Option writer is the seller of the option.
- Butterfly is one of the neutral strategies.
- BPOM means Binomial Option Pricing Model.
- STRAPS is a bullish strategy.
- Settlement period for the contract currently is on a T+4 basis.

Q2. A) Distinguish between Forward Contract and Future Contract

(7)

B) Highlight key features of L.C.Gupta Committee recommendations for development of derivative markets

(8)

OR

Q2.C) Explain the role played by different classes of participants in derivatives markets.

(15)

Q3. A) An investor wants to take long or short positions in future market when the spot price is

(7)

Rs. 1750/- when the following range of expiry prices in August 2023 with lot size of 100 shares:

- Rs. 1710
- Rs. 1750
- Rs. 1800

B) Explain the following future terminologies:

(8)

- Contract cycle
- Ticksize
- Ready contract
- Strike price

OR

Q3. C) An investor took two Positions in future market which are as follows: (7)

- i) Sold Future of AXIS with a lot size of 1000 shares at Rs. 70 and at expiry it closed at Rs. 68.
- ii) Bought future contract of ICICI Bank with a lot size of 5000 shares at Rs. 80 and at expiry it closed at Rs. 75

D) Mr. Z Purchased the option on 20th July 2019 when the option was exercised at Rs. 3350. (8)

Calculate Intrinsic Value, Moneyness of option & Time value

Call option		Put option	
Spot Price	Call premium	Spot Price	Put premium
3200	50	3500	75
3350	100	3350	45
3450	200	3150	225

Q4. A) Mr. Vijay writes(sell) a put option of TCS Ltd. at Rs.100 premium with a strike price of Rs.625 and at expiry it closed at Rs. 810. Lot size is 1000 shares. Find out the amount of profit/loss to him. (7)

B) Calculate stock price & probability along with tree diagram using Binomial Option pricing model (multi period - 2 months), when $S_0 = \text{Rs.}400$, exercise price = Rs.410, $u = 25\%$, $d = 20\%$, $r = 5\%$. (8)

OR

Q4.A) Define Options. Explain the types of options. (7)

B) Mr. Vikram writes a European put option on stock of PR Ltd. Having exercise price of Rs.690 with a premium of Rs.50. Calculate the profit or loss on the following spot prices positions on expiry : Rs.650, Rs.660, Rs.670, Rs.680, Rs.690, Rs.700, Rs.710, Rs.720 & Rs.730. Also draw the payoff diagram. (8)

Q5. A) Define Clearing House. Explain its functions. (8)

B) Discuss in brief the Ordering types and conditions (7)

OR

Q5.C) Write short notes on: (any 3) (15)

1. 5 Greek options
2. Cost of Carry Model
3. Types of Margins
4. Factors Affecting Option premium
5. Vertical Spread Option strategy

Time : 2 ½ Hours

MARKS : 75

Q.1.A) MATCH THE FOLLWOING: (ANY 8)

08

GROUP A		GROUP B	
1	Law + Knowledge	A	Voting
2	Fair trade practices	B	Promoting better governance in India
3	Ethical issues in Marketing	C	Ethics
4	Shareholders right	D	Safeguard public procurement from corruption.
5	NFCG	E	Universal Application
6	Ethics training	F	Protect interest of all stakeholders
7	Integrity pact	G	Principal and agent
8	Corporate Governance	H	Treatment on an equal basis
9	Agency Theory	I	Misleading advertisement
10	Fairness	J	Enable employees to deal with ethical problems

Q.1.B) STATE WHETHER THE STATEMENT IS TRUE OR FALSE: (ANY 7) 07

- 1) Code of conduct gives frame work for ethical policies.
- 2) Ethics training is compulsory as per as per Companies Act, 2013.
- 3) Identifying ethical dilemma is real challenge.
- 4) Organizational climate refers to the moral atmosphere within an organization.
- 5) Corporate governance is an instrument for benefiting all stakeholders of a corporate entity.
- 6) All stakeholders have voting rights.
- 7) Corporate governance ensures the accountability of the directors of the organization
- 8) Corporate governance is the system by which companies are owned and controlled.
- 9) Good governance is a source of competitive advantage and critical to economic and social progress.
- 10) The ethics of marketing covers those issues arising around the employer and employee relationship.

- Q.2 A) Explain the concept of Ethics and Explain the importance of it . 08
B) What is the importance of developing the code of ethics? 07

OR

- C) Explain the types of ethical dilemma 08
D) What is the concept of Integrity pact. 07
- Q.3 A) What is corporate governance? Explain its importance 08
B) What are the elements of corporate governance? 07

OR

- C) What are the emerging trends in corporate governance? 08
D) Elaborate the significance of ethics in corporate governance 07

- Q.4 A) State the objective of related party transaction policy in corporate governance 08
B) Explain the challenges of exercising shareholders rights. 07

OR

- C) What are the rights of shareholder? 08
D) What are the SEBI guidelines for investors in corporate governance. 07

- Q.5 A) Explain in detail clause 49 of listing agreement? 08
B) State the objectives of disclosure. 07

OR

Write short Notes (any 3) 15

1. Ethics in Finance
2. Ethics committee
3. Integrity Pact.
4. Objectives of GCGF
5. Investors association

Time Allowed: 2 ½ Hours

Total Marks: 75

- N.B:** 1. All question are compulsory.
2. Figures to the right indicate marks

Q 1 A State Whether the Statement is True or False (any 8) (8)

1. The physical factors are often the success factor in service sector.
2. The amount of money charged by the insurer to the insured for the coverage set forth in the insurance policy is called the premium.
3. Sales promotion is a tool used to boost short-term sales by offering incentives.
4. In internet marketing, only uses either a passive strategy to reach the audience.
5. Debit card is a financial service.
6. A benchmark refers to a standard or reference point used to evaluate the performance of a salesperson.
7. Social media marketing is an outdate form of marketing.
8. Mobile banking can be made more popular through advancements in technology.
9. Personal selling is where business use people to sell the product or service after meeting face-to-face with the customer.
10. The process in services encompasses elements such as the facility's exterior, its design, signage, parking, and landscaping.

Q 1 B Match the college (Any 7) (7)

Column 1	Column 2
1. Market segmentation	a. Financial service
2. Services	b. No human interaction
3. Insurance	c. Service quality
4. Product life cycle	d. Geographical
5. Self Service Technology	e. 7 P's of marketing
6. Extended marketing mix	f. Image of company
7. Gap model	g. Maturity stage
8. Targeting	h. Intangible

Q 2 A What are the types of retail financial services? 8

B Explain the 4 I's of service marketing. 7

OR

Q 2 C Discuss the factors responsible for growth of services. 8

D Explain the classification of services with examples. 7

Q 3 A What are the basis of market segmentation? 8

B Explain the different types of CRM. 7

OR

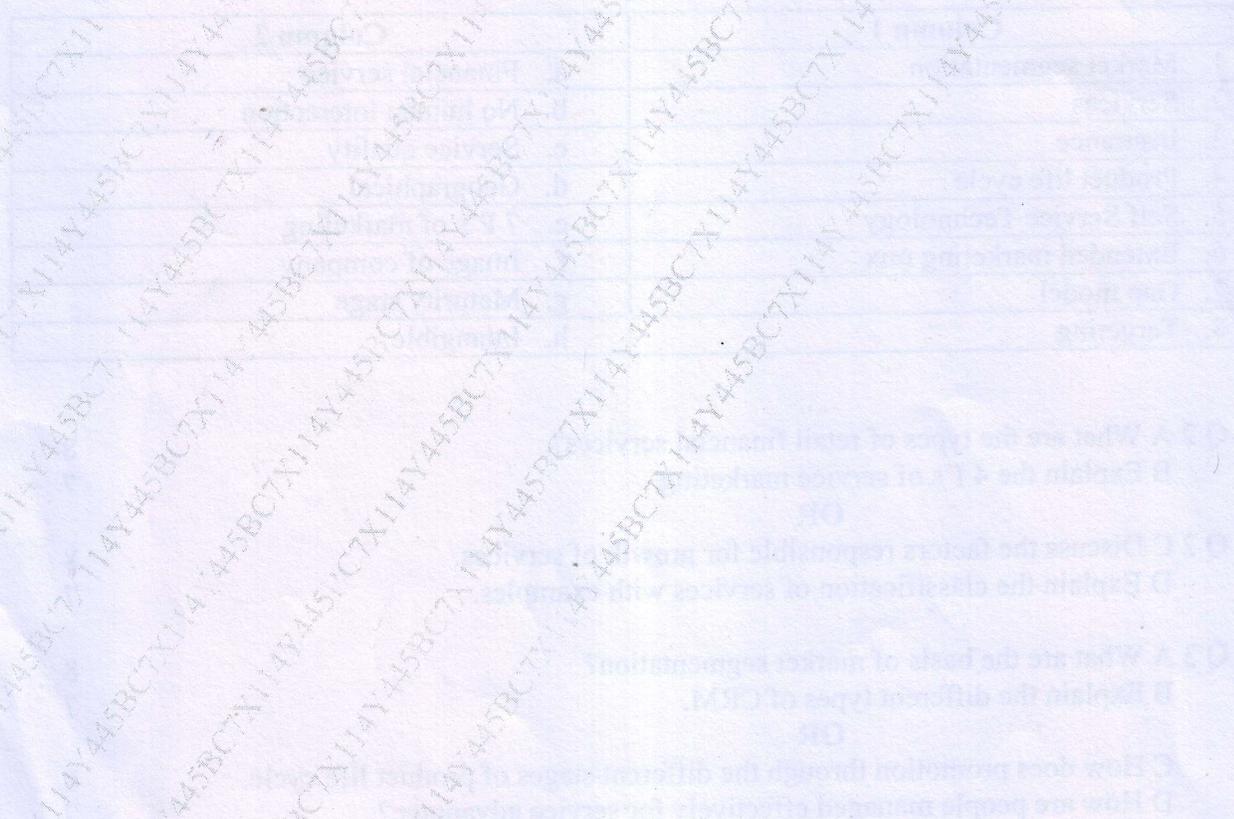
C How does promotion through the different stages of product life cycle. 8

D How are people managed effectively for service advantage? 7

- Q 4 A What are the challenges in distribution of services? 8
B What is service blueprint? Explain with a suitable diagram. 7
OR
C Explain the 7P's of service marketing mix in detail. 15

- Q 5 A Explain the Gap Model of service quality. 15
OR
B Write Short Notes (Any 3) 15

1. Customer Loyalty
2. Internal Marketing
3. Social Media Marketing
4. Service Assurance
5. Ethics in Marketing



Duration: 2 ½ Hours

Total marks: 75

Instructions:

All questions are compulsory.

Figures to right indicate full marks.

Q 1) A) Match the columns. (Any 8 out of 10)

(08)

Column A	Column B
a) Day trading	i) Risk management
b) Stop loss	ii) GAP
c) Dow Theory	iii) Money flow index
d) No trading zone	iv) Runaway gaps
e) Leading Indicator	v) stock's price will not fall
f) Measuring gaps are also called as	vi) Bollinger Bands
g) A support line refers to	vii) connecting the dots
h) Lagging indicator	viii) Primary trend have three phases
i) Line charts are formed by	ix) Inverted Hammer
j) One candle pattern	x) Increased leverage

Q 1) B) State whether true or false. (Any 7 out of 10)

(07)

- Mr. Eliot propounded the Dow Theory.
- Candlestick charts originated in Japan country.
- The upper shadow of hammer is normally minimum twice the length of body.
- Point and Figure chart consists of X's and O's.
- Head is the lowest peak in head and shoulder pattern.
- Candlestick is a type of technical chart.
- When Opening, Closing, High and Low price is same, it is called as Inverted hammer.
- Eliot wave theory consists of 8 waves.
- RSI is lagging indicator.
- Breakaway gaps occur when the price action is breaking out of their sideways range.

Q 2) A) Explain following chart patterns with diagram in detail.

(08)

- (i) Hammer (ii) Hanging man (iii) Inverted Hammer (iv) Doji

Q 2) B) Explain the benefits of technical analysis.

(07)

OR

Q 2) C) Explain Triple top & Triple Bottom pattern.

(08)

Q 2) D) Explain Line chart and Candle stick chart with diagram.

(07)

Q 3) A) Explain Eliot wave theory when markets are declining. (08)

Q 3) B) Explain in detail the types of Moving averages. (07)

OR

Q 3) C) Explain any four principles of Dow Theory. (08)

Q 3) D) Explain in detail RSI. (07)

Q 4) A) Explain the Risk management in Day trading. (08)

Q 4) B) Explain Bollinger Bands. (07)

OR

Q 4) C) How to stop losing money while day trading? (08)

Q 4) D) What are the benefits of Intraday trading? (07)

Q 5) A) Explain in detail Runaway gap and Breakaway gap. (08)

Q 5) B) What are different trading techniques used in day trading? (07)

OR

Q 5) c) Write short notes (any 3 out of 5) (15)

i) Support and Resistance

ii) Do's of trading.

iii) Qualities of successful traders

iv) William %R

v) Island Reversal Pattern

Duration: 2 ½ Hours

Total Marks: 75

- N.B.:** (1) All questions are compulsory
(2) Figures to the right indicate marks
(3) Working notes should be part of answer

Q1. (A) Fill in the blank with suitable option (Any Eight): (08)

1. Debenture may be redeemed out of _____
 - (a) Capital
 - (b) Profit
 - (c) Conversion into shares
 - (d) All of the above
2. For computation of pre-incorporation profit, discount on debentures is _____
 - (a) allocated in time ratio
 - (b) allocated in sales ratio
 - (c) treated as pre-incorporation expenditure
 - (d) treated as post-incorporation expenditure
3. On merger, vendor companies are _____
 - (a) Liquidated
 - (b) Formed
 - (c) Dissolved
 - (d) None of the above
4. Balance in Capital Reduction Account should be transferred to _____
 - (a) Capital Reserve
 - (b) General Reserve
 - (c) Profit & Loss A/c
 - (d) None of the above
5. The existing 1,000 shares of Rs. 100 each altered to 10,000 shares of Rs. 10 each is _____
 - (a) Consolidation
 - (b) Surrender
 - (c) Conversion in stock
 - (d) Sub-division
6. The claim of debenture holders on redemption is credited to _____
 - (a) Cash/Bank A/c
 - (b) Sinking Fund A/c
 - (c) Debenture Holders A/c
 - (d) None of the above
7. Profit prior to incorporation is available for payment of _____
 - (a) Dividend
 - (b) Interest on Debentures
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
8. Excess application money is to be refunded in the case of _____
 - (a) Over Subscription
 - (b) Par Subscription
 - (c) Under Subscription
 - (d) Discount Subscription

9. Debentures holders get _____
 - (a) Interest at Fixed Rate
 - (b) Ownership of the company
 - (c) Dividend
 - (d) Right Share of the company
10. Loss on sale of sinking fund investment is debited to _____
 - (a) Profit and loss a/c
 - (b) Sinking fund investment a/c
 - (c) Sinking fund a/c
 - (d) Reserve and surplus

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

1. Profit prior to incorporation is transferred to General Reserve.
2. The debenture can be redeemed whenever company desires.
3. Discount on issue of debenture is treated as profit for the company.
4. Cancellation of unissued Capital is also case of Capital reduction.
5. Partly paid Preference shares can be redeemed.
6. Depreciation on delivery van is allocated in sales ratio.
7. After redemption of debentures, balance in Debenture Redemption Reserve is transferred to General Reserve account.
8. The assets offered as security are released after redemption of debentures.
9. The Balance Sheet prepared after implementation of internal reconstruction scheme is to be suffixed by words '-and reduced'.
10. Capital Redemption Reserve can be used for issue of fully paid bonus shares.

Q2. (A) The Balance Sheet of Dhara Ltd. as on 31st March, 2024 was as under (15)

Liabilities	Rs.	Assets	Rs.
25,000 Equity Shares of Rs. 100 each fully paid	25,00,000	Fixed Assets	15,00,000
10,000 9% Redeemable Preference Shares of Rs. 100 each, Rs. 90 per share paid up	9,00,000	Investment (M.V. Rs. 10,10,000)	10,00,000
General Reserve	3,00,000	Bank Balance	50,000
Profit & Loss A/c	3,19,000	Other Current Assets	20,20,000
Dividend Equalization Revenue	2,00,000		
Sundry Creditors	3,51,000		
	<u>45,70,000</u>		<u>45,70,000</u>

On 1st April, 2024, the company made a call of Rs.10 each on its preference shares and call money was duly received. All preference shares were redeemed at a premium of 2%. The company sold all its investment at market value. For the purpose of redemption, the company issued minimum number of equity shares at a premium of 10% after utilizing available resources to the maximum extent keeping in view the provisions of the Companies Act, 2013. All preference shareholders were paid off, except one shareholder holding 150 preference shares.

Pass Journal Entries in the books of the company assuming that redemption is duly carried out.

OR

Q2. (B) The following balance appeared in the books of Aditya Ltd. on 1-4-2023: (15)

- (i) 10% Debentures Rs. 15,00,000
- (ii) Sinking Fund Rs. 12,00,000
- (iii) Sinking Fund Investment Rs. 12,00,000 represented by 10% Rs. 13,00,000 secured bonds of Government of India.

Annual contribution to the Sinking fund was Rs. 1,50,000 made on 31st March each year. On 31st March, 2024, company received interest on Sinking fund investment Rs. 1,30,000, and sold all the investment for Rs. 11,70,000 for redemption of debenture at a premium of 10% on the above date. You are required to prepare the following accounts for the year ended 31st March, 2024.

- (a) 10% Debentures A/c
- (b) Sinking Fund A/c
- (c) Sinking Fund Investment A/c
- (d) Bank A/c
- (e) Debenture holder's A/c

Q3. (A) Pujan Private Ltd. was incorporated on 1st August, 2023. This company agreed to take over business of M/s Eshaan & Company as going concern, effective from 1st April, 2023. The agreement also provided that vendors are entitled to 60% of profits for period upto 1st August, 2023. The Profit and Loss Account for year ended 31st March, 2024 is: **(15)**

Particulars	Rs	Particulars	Rs
To Stock	30,000	By Sales	3,00,000
To Materials consumed	1,20,000	By Stocks	42,000
To Wages	30,000		
To Factory Expenses	42,000		
To Gross Profit	1,20,000		
	3,42,000		3,42,000
To Salaries	30,000	By Gross Profit	1,20,000
To Rent	9,000	By Profit on sale of Investment	20,000
To Office Expenses	6,000		
To Sales Commission	15,000		
To Bad Debts	5,000		
To Director Fees	8,000		
To Depreciation	18,000		
To Debentures Interest	8,000		
To Interest to Vendor	6,000		
To Net Profit	35,000		
	1,40,000		1,40,000

Additional Information:

- 1) Monthly Sales for October, 2023 to March, 2024 is 150% of monthly sales for April, 2023 to September 2023
- 2) Bad Debt is in respect of sales affected two years ago.
- 3) Investment was sold on 1st November, 2023
- 4) Consideration to Vendors was paid on 1st October, 2023
- 5) Rent was increased from Rs 500 per month to Rs 1,000 per month effective from 1st October, 2023.

Prepare Statement of Profit & Loss in the columnar form for the year ending 31st March, 2024 allocating various items in suitable basis in the pre-incorporation and post incorporation period.

OR

Q3 (B) Wye Ltd. acquires the business of Zed Ltd. whose summarised balance sheet as on 31st March 2024 is as under: (15)

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs. 100 each, fully paid	20,00,000	Fixed Assets	25,00,000
Reserve & Surplus	12,00,000	Investments	5,00,000
8% Debentures	10,00,000	Current Assets	20,00,000
Current Liabilities	8,00,000		
	50,00,000		50,00,000

Additional information:

- All the assets are to be considered worth Rs. 40,00,000.
- Purchase consideration is to be paid two fifth in cash and the balance by issue of Equity Shares in Wye Ltd. of Rs. 100 each at a premium of Rs. 20 per share.
- 8% Debentures of Zed Ltd. were taken over and given 9% Debentures in Wye Ltd.
- Liquidation expenses paid by Zed Ltd. amounted to Rs. 25,000.

You are required to prepare:

- Statement of Purchase Consideration
- Necessary ledger accounts in the books of Zed Ltd.

Q4 (A) Following balances appeared in the books of RAHUL Ltd. as on 31st March, 2022: (15)

Particulars	Dr. (Rs.)	Cr. (Rs.)
20,000 Equity Shares of Rs. 10 each		2,00,000
8% Cumulative Preference Share of Rs. 100 each		1,00,000
Securities premium Account		40,000
Sundry Creditors		10,000
Goodwill	30,000	
Premises	1,75,000	
Plant & Machinery	60,000	
Stock	15,000	
Sundry Debtors	20,000	
Preliminary Expenses	10,000	
Profit & Loss Account	40,000	
	3,50,000	3,50,000

Note: Preference dividends for 3 years are in arrears.

The following terms were settled under a duly approved capital reduction scheme:

- The Equity Shares are to be reduced to Rs. 5 each and the preference shares to Rs. 80 each.
- One Equity Share of Rs. 5 to be issued for each Rs. 10 of gross preference share dividend in arrears.
- Plant & Machinery to be written down to Rs. 50,000
- All intangible assets to be written off

Pass journal entries to implement the above scheme and draw capital Reduction A/c

OR

Q4. (B) Saba Brothers was taken over by Saba Ltd. On 1st May 2023, however the company was incorporated on 1st Feb., 2024. The following was Trading and Profit & Loss account for the period from 1st May,2023 to 31st March, 2024. (15)

Dr.		Trading & Profit & Loss A/c		Cr.	
Particulars	Rs	Particulars	Rs		
To Opening Stock	45,000	By Sales	8,60,000		
To Purchases	2,00,000	By Closing Stock	1,65,000		
To Wages	80,000				
To Gross Profit c/d	7,00,000				
	10,25,000				10,25,000
To Salaries	72,000	By Gross Profit c/d	7,00,000		
To Rent	55,000	By Discount	7,000		
To Delivery Van Expenses	14,000				
To General Expenses	22,000				
To Advertisement Expenses	3,50,000				
To Bad Debts written off	14,000				
To Debenture Interest	72,000				
To Directors Meeting Fees	8,000				
To Preliminary Expenses	4,000				
To Net Profit c/d	96,000				
	7,07,000				7,07,000

You are informed that:

- Salaries in pre-incorporation and post-incorporation period were Rs6,000 p.m. and Rs 9,000 p.m. respectively
- Gross profit percentage to fixed Average monthly turnover is nine times in May, October and November,2023 as compared to months turnover of remaining months.

You are required to prepare Profit & Loss A/c in columnar from apportioning various incomes and expenses on suitable basis in the Pre and Post incorporation period from 1st May, 2023 to 31st March, 2024.

- Q5. (A)** What is the procedure of redemption of debentures out of capital? (08)
(B) Distinction between Amalgamation, Absorption and External Reconstruction. (07)

OR

Q5. (C) Write Short Note (Any Three): (15)

- Sweat Equity Shares
- Issue of Debentures as Collateral Security
- Divisible Profit
- Sources of redemption of preference shares
- Classification of expenses into pre and post incorporation period.