

CA INTER – ADVANCED ACCOUNTS

CLASS TEST 2 – BUYBACK

Maximum Marks – 10

Time – 20 Mints

INSTRUCTIONS:

1. Write your Full Name, Registered Mobile Number and Email id on the front page of your Answer Sheet.
2. After completing the Test, SCAN the Answer sheet with any Document canner app (cam scanner/doc scanner etc) and make a one pdf file save it in your phone.
3. Upload the PDF file in your Test Login Portal under your login and submit. (File Size should not be more than 15 MB)

Question

Quick Ltd. has the following capital structure as on 31st March,2021:

		Rs. in Crores	
(1)	Share Capital:		462
	(Equity Shares of Rs. 10 each, fully paid)		
(2)	Reserves and Surplus:		
	General Reserve	336	
	Securities Premium Account	126	
	Profit and Loss Account	126	
	Statutory Reserve	180	
	Capital Redemption Reserve	87	
	Plant Revaluation Reserve	33	888
(3)	Loan Funds:		
	Secured	2,200	
	Unsecured	320	2,520

On the recommendations of the Board of Directors, on 16th September 2021, the shareholders of the company have approved a proposal to buy-back of equity shares. The prevailing market value of the company's share is Rs. 20 per share and in order to induce the existing shareholders to offer their shares for buy-back, it was decided to offer a price of 50% over market value.

The company had sufficient balance in its bank account for the buy-back of shares

You are required to compute **the maximum number of shares** that can be bought back in the light of the above information and **also under a situation where the loan funds of the company were Rs. 1,680 Crores or Rs. 2,100 Crores.**

Assuming that the entire buy-back is completed by 31st December,2021, Pass the necessary accounting entries (narrations not required) in the books of the company in each situation.