

FYBFM sem II Reg. Exam May-2022  
Malini Kishor Sanghvi College of Commerce and Economics

19/5/22

Financial Accounting-2

FYBFM Sem – II

**Note:** All questions are compulsory with internal choice  
Use of simple calculator allowed



Section – B

**Marks : 40**

**Q2. Solve the following (Any One)**

**10 marks**

- A.** Rupali Ltd issued 10,000 shares of Rs 100 each payable: Rs 20 per share on Application, Rs 30 per share on Allotment and balance in two calls of Rs 25 per share. The application and allotment money were duly received.  
On first call all member pays their dues except one member holding 200 shares, while another member holding 500 shares paid for the balance due in full. Final call was not made. Give journal entries.
- B.** Krupa Ltd. Issued 20,000 shares of Rs 100 each at a premium of Rs 10 per share payable as follows:  
On Application – Rs 30  
On Allotment - Rs 50 (including premium)  
On First and Final Call – Rs 30  
All the shares subscribed and the company received all the money due, with the exception of the allotment and call money on 150 shares. These shares were forfeited and reissued to Mona as fully paid share of Rs 120 each.  
Give journal entries.
- C.** What journal entries would be made if 1,000 - 8% debentures of Rs 100 each were  
(a) Issued at par , repayable at Rs 100  
(b) Issued at discount of Rs15, repayable at par  
(c) Issued at premium of 10%, repayable at par  
(d) Issued at par, repayable at premium of Rs 10  
(e) Issued at a discount of 10%, repayable at premium of Rs15 and  
(f) Issued at a premium of 15%, repayable at a premium of 20%

**Q3. Solve the following (Any One)****10 marks**

A. The Balance Sheet of Sahu & Co as at 31<sup>st</sup> December, 2019 was as follows:

Liabilities	Rs	Assets	Rs
3,000 shares of Rs 100 each, Rs 80 per share paid up	2,40,000	Plant & Machinery	1,50,000
Securities Premium A/c	40,000	Debtors	27,000
General Reserve	1,00,000	Motor Car	1,03,000
Profit & Loss a/c	40,000	Goodwill	21,000
Sundry Creditors	32,000	Patents	15,000
		Stock	1,20,000
		Cash	16,000
	<b>4,52,000</b>		<b>4,52,000</b>

The directors decide to make the shares fully paid out of the Profit & Loss a/c. It is further decided to issue one fully paid bonus share for every three held. For the latter purpose, Securities Premium a/c is to be utilized first and General Reserve a/c if necessary.

Pass the necessary journal entries.

B. Bombay Investments hold 1,200-6% Debentures of Rs 100 each in LIBERTY Ltd. As on 1<sup>st</sup> April 2017 at a cost of Rs 1,40,000. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December each year. Other details are as under:

Date	Particulars	Rs.
01-06-2017	: 400 Debentures are purchased cum interest at	Rs. 40,800
01-11-2017	: 400 Debentures are purchased ex-interest at	Rs. 38,400
30-11-2017	: 600 Debentures are sold cum-interest for	Rs. 64,500
31-12-2017	: 500 Debentures are sold ex-interest for	Rs. 77,300

Prepare Investment Account valuing closing balance on 31-3-2018 at cost or market price whichever is lower. The debenture are quoted at par on 31-3-2018.

C. What do you mean by Own Debentures?



**Q4. Solve the following (Any One)**

**10 marks**

**A.** The following is the Balance Sheet of A Company Ltd as on December 31, 2010.

Liabilities	Amt (Rs)	Assets	Amt (Rs)
Fully paid up capital:		Goodwill	40,000
12,000 shares of Rs 100 each	12,00,000	Land and Building	7,80,000
General reserve	1,60,000	Plant & machinery	3,00,000
Profit & Loss A/c	1,00,000	Govt. Securities at 10%	60,000
Sundry Creditors	80,000	Sundry Debtors	2,20,000
Bills Payable	40,000	Bills receivable	60,000
		Stock -in-trade	1,20,000
	<b>15,80,000</b>		<b>15,80,000</b>

The company earned net profits for the past four years as follows: (These amounts include interest received from Government securities):

2007	Rs. 1,00,000
2008	Rs. 2,00,000
2009	Rs. 3,00,000
2010	Rs. 4,00,000

The normal rate of return on capital employed in similar business organization is 12%. Calculate the value of Goodwill: (i) The value of the goodwill should be computed at three years' purchase of the average super profit for four years. (ii) By capitalizing the super profit over a reasonable return on capital employed on the basis of the same return 12%.

**B.** The following is the summarized Balance Sheet of Virendra Ltd as on 31<sup>st</sup> March, 2018.

Liabilities	Amt (Rs)	Assets	Amt (Rs)
50,000 Equity shares of Rs 20 each fully paid up	10,00,000	Machinery	4,80,000
Securities Premium A/c	2,00,000	Furniture	2,00,000
General Reserve	4,78,800	Stock	12,40,000
Profit & Loss A/c	3,14,000	Debtors	4,12,000
Sundry Creditors	8,18,000	Cash in Hand	6,800
Provision for taxation	3,96,000	Cash at Bank	8,68,000
	<b>32,06,800</b>		<b>32,06,800</b>

The company transfers 20% of its profits (after tax) to General Reserve. Net profits before taxation for the last three years have been as follows:

For the year ended 31 <sup>st</sup> March 2016	Rs. 5,44,000
For the year ended 31 <sup>st</sup> March 2017	Rs. 7,32,000
For the year ended 31 <sup>st</sup> March 2018	Rs. 7,88,000

Machinery is valued at Rs. 6,37,200. Average yield in this type of business is 20%. The rate of tax is 50%. Use simple average.

Calculate the value of one Equity Share on the basis of (a) Intrinsic Value and (b) Yield Basis.



C. Following is the Balance sheet of KJ Ltd as on 31<sup>st</sup> March, 2016

<b>Liabilities</b>		<b>Assets</b>	
	<b>Amt (Rs)</b>		<b>Amt (Rs)</b>
Equity shares of Rs 100 each	4,00,000	Net Block Fixed Assets	7,50,000
Preference shares of Rs 10 each	1,00,000	Trade Investment	50,000
Security Premium	1,27,500	Bank	10,00,000
General Reserve	1,00,000		
Profit & Loss A/c	1,22,500		
Debentures	8,00,000		
Trade Payables	1,50,000		
	<b>18,00,000</b>		<b>18,00,000</b>

Keeping in view the legal requirements ascertain the maximum number of Equity Shares that KJ Ltd can buy back @ Rs 25 per share.

Pass journal entries to record buy back.

**Q5. Answer the following (Any One)**

**10 marks**

- A. What is the need of Accounting standards? What are the functions and responsibilities of A.S.B?
- B. Describe various accounting concepts in detail.
- C. What is computer? Explain the role of computer in accounting.