F.Y.BFM - Sem II - A.T. KT Exam - Sept'22

Financial Accounting-2: FYBFM Sem 2

TIME: 2 ½ hours F.A.-II - Dt:-28/9/22 **MARKS: 75**

Note: **All questions are compulsory, subject to internal choice.**
Figures to the right indicate full marks.
Use of simple calculator allowed.

Q1A True or False (Any 8) **(8 *marks*)**

1. A partnership firm can issue shares.
2. Right shares are issued to shareholders
3. Called up capital can be higher than authorized capital
4. Shareholders have limited liability
5. Debenture holder is an owner
6. Loss on issue of debentures is written off over the period of redemption.
7. Goodwill is an intangible asset
8. Bonus issue converts reserves into share capital
9. The shares must be cancelled and destroyed after buy back
10. Cum-interest price excludes interest accured.

Q1.B Match the column: (Any 7) **(7 *marks*)**

A	B
1. Authorized capital	a. An intangible asset
2. Calls in arrears	b. Asset which is essential
3. Goodwill	c. Forfeiture of shares
4. Application exceeding issue	d. Calls in advance
5. Normal rate of return	e. Memorandum of association
6. Non-payment of call	f. Over-subscription
7. Trading asset	g. Reduce from share capital
8. Excess receipt over called up	h. Average return expected by shareholders on their investment
9. Normal profit	i. Average profit earned by similar companies in the industry
	j. Capitalization of super profit

Q2. A. Pass journal entries for the following: **(15 *marks*)**

M/S Pearl Ltd issued 10,000 shares of Rs 100 each at a premium of Rs 10 per share. The share amount was payable as follows:
Rs 30 per share on Application, Rs 40 per share on Allotment(including premium) and balance in two calls of Rs 20 per share. Applications were received for 10,000 shares and all these application were allotted shares. The directors made all the calls on shares.

On first call money was not received on 1,000 shares. And the second call money on 500 shares. The directors forfeited the shares on which the first call was not received. Of the forfeited shares 500 shares were re-issued as fully paid- at Rs 75.

OR

Q2.B. M/S Vijay Sales. Ltd. issues 6,000 9% debentures of Rs. 100 each. **(15 *marks*)**
You are asked to give journal entries on issue if:

a. The debentures are issued at par and redeemable at par
b. They are issued at a discount of 5% but redeemable at par
c. They are issued at a premium of 5% but redeemable at par
d. They are issued at a discount of 10% but redeemable at a premium of 5%
e. They are issued at par but redeemable at 10% premium..

Q3.A The Balance sheet of AFCONS ltd as on 31st March, 2016 was as follows: ***(15marks)***

Liabilities	Rs	Assets	Rs
Equity shares of Rs 10 each	4,00,000	Net Block of Fixed Assets	7,50,000
Preference shares of Rs 100 each	1,00,000	Investments	50,000
Security Premium	1,27,500	Current Assets	10,00,000
General Reserve	1,00,000		
Profit & Loss Account	1,22,500		
Debentures	8,00,000		
Current Liabilities	1,50,000		
	18,00,000		**18,00,000**

Keeping in view the legal requirements ascertain the maximum number of equity shares that AFCONS ltd can buy back @ Rs 25 per share.

Pass journal entries to record buy back and prepare a Balance Sheet thereafter.

OR

Q3.B. Show the Investment Account as it would appear in books. ***(15marks)***

Ami Investment Trust Ltd furnishes the following details relating to his holding in 6% debentures for the year 2017:

Opening balance on 1.1.2017 : Face Value Rs.1,20,000 . Cost Rs. 1,23,600.

Purchases:

(i) March 1:	Face value Rs 90,000	Cum-interest at 5% discount
(ii) December 1:	Face value Rs 36,000	Ex-interest at 1% discount

Sales:

(i) July 1:	Face value Rs 75,000	Cum-interest at 2% premium
(ii) November 1:	Face value Rs 30,000	Ex-interest at par

Interest dates are 31st March and 30th September.
Ami Investment closes his books every 31st December.

Q4.A. The assets and liabilities of Hindustan Ltd as on 31st December, 2015 were as follows:

(15 *marks*)

Liabilities	Rs	Assets	Rs
6,000 shares of Rs 100 each fully paid	6,00,000	Cash at bank	50,000
500 6% debentures of Rs 100 each	5,00,000	Sundry debtors	80,000
General reserve	70,000	Stock	1,20,000
Profit & loss a/c	20,000	Investments	1,00,000
Sundry creditors	30,000	Land & buildings	4,10,000
Other liabilities	10,000	Furniture	60,000
		Goodwill	70,000
		Plant & machinery	3,40,000
	12,30,000		**12,30,000**

All the assets were independently valued at Rs 13,80,000.
The company earned net profits for the last five years as follows:
Rs 80,000 ; Rs 84,000 ; Rs 92,000; Rs 88,000 and Rs 96,000.
It was decided to set aside 15% of the profits towards general reserve. This proportion was considered reasonable in the industry in which the company was engaged and where a fair investment return may be taken at 10%.
Find out the value of equity shares of the company by:
a) Assets valuation method
b) Yield valuation method

OR

Q4.B. The authorized capital of a company Rs 10,00,000 divided into 60,000 equity shares of Rs 10 each.

(15marks)

Out of which 50,000 shares have been subscribed and Rs.8 per share has been paid up. The company has Rs. 40,000 in share premium account, Rs 2,00,000 in Profit & Loss account (cr.) and Rs. 3,00,000 in General Reserve and Rs 60,000in capital redemption reserve. The company has decided to capitalize the necessary parts of the above balances:

i. By way of bonus dividend, the partly paid-up share are converted into fully-paid up shares
ii. The holders of fully-paid up shares are allotted Rs 1,50,000 by way bonus .
iii. Show the journal entries.

Q5.A. Explain the characteristics of a Joint Stock company **(7 *marks*)**
Q5.B Importance of computers in modern age. **(8 *marks*)**

OR

Q5.C. Short Notes (Any 3) **(15 *marks*)**

1. Share Capital
2. Distinguish between calls in arrears and calls in advance
3. Bonus shares
4. Own debentures
5. Accounting Standards