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60

Paper / Subject Code: 76201 / Financial Accounting-II.

FYFM

Financial Acc. II

FYFM Regular Examination

04/04/2019.

April - 2019.

Q.P. Code :05947

2.30 - 5.00 pm.

[Time: 2 1/2 Hours]

[ Marks:75]

pages :- (04)

Please check whether you have got the right question paper.

- N.B:
1. Solve all questions.
  2. Working Notes should form part of your answer.

Q.1 A State with reasons whether the following statements are true or false. (ANY EIGHT)

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- 1) A partnership firm can issue shares.
- 2) Shareholders have limited liability.
- 3) Bonus issue is made out of free reserve.
- 4) Net block is Gross block plus accumulated depreciation.
- 5) Authorized capital is disclosed only for information.
- 6) Super profits is a difference between actual profit and normal profit.
- 7) The partly paid share can be bought back.
- 8) Own debentures cannot be held as investment.
- 9) AS - 13 is applicable for accounting for investment.
- 10) Business entity concept is not applicable to sole trading organization.

B MATCH THE COLUMNS (ANY SEVEN)

7

Group A	Group B
1. Cost	A. Long term investment
2. Investment for over 12 months	B. Transfer to security premium
3. Purchase of own debentures	C. An intangible assets
4. Premium paid	D. Contingent Liability
5. Goodwill	E. Acknowledgement of Debt
6. Disputed Tax Demand	F. Reduced from share capital
7. Bonus shares	G. Dividend at fixed Rate
8. Debentures	H. Free shares
9. Calls in arrears	I. One mode of redemption
10. Preference share	J. Expenses of the business

Q.2 A

Paras plastic Ltd. issued 20,000 shares of Rs.100 each at a premium of RS. 10 per share.

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The share amount was payable as follows:

On Application: Rs.20. On allotment: Rs.40 (Including Premium)

On First Call: Rs.25. On final call: Rs.25.

Applications were received for 18,000 shares and all these application were allotted shares.

The directors made all the calls on shares. The first call money was not received on 1,000 shares and the second call money of 500 shares.

The directors forfeited the shares on which the first call was not paid. Of the forfeited shares 500 shares were re-issued as fully paid at Rs.70. Give journal Entries.

B AV Ltd issues 4000 12% Debentures of Rs.100 each.

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You are required to pass journal entries for the issue if:

- 1) They are issued at par but redeemable at 10% premium.
- 2) They are issued at 10% Discount but redeemable at 5% premium
- 3) They are issued at a premium of 5% but redeemable at par.
- 4) They are issued at a discount of 5% but redeemable at par.
- 5) They are issued at par and redeemable at par.

Q.3 A Mr. Kaushik furnishes the following details relating to his holding in 6% Government Bond:

8

Q.P. Code :05947

Opening Balance: Face value Rs.1,00,000, Cost Rs.95,000.

2015 March 1 100 units purchased ex-interest at Rs.98.

July 1 Sold 200 ex- interest out of the original holding at Rs.100

Oct 1 Purchased 50 units at Rs. 98 ex- interest.

Interest dates are 30<sup>th</sup> September and 31<sup>st</sup> March.

Mr. Kaushik closes his books on 31<sup>st</sup> December. Show the investment account for the year December 2015.

B Sun and Moon Ltd. Has Rs.11,20,000 in equity share capital consisting of 80,000 Shares of Rs.10 each 07 fully paid and 40,000 shares of Rs.10 each, of which Rs.8 paid per share.

It has Rs.40,000 in Capital Reserve, Rs.40,000 in Securities Premium Account, Rs.1,40,000 in Capital Redemption Reserve Account and Rs.3,00,000 in General Reserve.

By Way of bonus dividend the partly paid up shares are converted into fully paid up shares and the holders of fully paid up shares are also allotted fully paid up bonus shares in the same ratio.

Passed journal entries showing separately the two types of issues as mentioned above with the Minimum reduction in free reserve.

OR

Q.3 C Raviraj printers Ltd. Had an authorized capital of Rs.1,00,00,000 divided into 10,00,000 equity shares of Rs.10 each.

Trial balance of the company as on 31<sup>st</sup> March 2015 was as follow:

Trial balance as on 31.03.2015

DEBIT	Rs.	CREDIT	Rs.
Premises	22,50,000	Equity share capital	47,50,000
Plant and Machinery	17,45,860	Profit and Loss A/C	1,01,200
Sundry Debtors	6,08,900	Gross Profit	10,58,000
Furniture	67,500	Reserve for Bad Debts	45,000
Bad Debts	14,250	General Reserve	3,25,000
Rent, Rates & Taxes	1,41,970	Sundry Creditors	2,55,150
Advertising	97,540	Transfer fees	740
Cash in hand	47,200	Accrued wages	64,150
Cash at bank	2,05,000	Staff Benevolent Fund	89,500
Stock (31.03.2015)	7,23,200		
Directors fees	18,000		
Sundry Expenses	39,980		
Salaries	1,59,140		
Motor Lorries	4,00,000		
Disc. On Issue of Shares	75,200		
Interim Dividend	95,000		
	66,88,740		66,88,740

Prepare statement of Profit & Loss for the year ending 31<sup>st</sup> March 2015 and Balance sheet in the prescribed form as on that date after considering the following:

- 1) Depreciation on plant and machinery at 10% and Furniture at 5%
- 2) Create R.D.D at 10% on sundry Debtors.
- 3) Transfer Rs. 75,000 to General Reserve.
- 4) Write off 20% Discount on issue of shares.
- 5) Rent & Taxes paid in advance amounted to Rs.16,970.

Q.4 A The following is the balance sheet of Udit Ltd as on 31/12/15

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Liabilities	Rs.	Assets	Rs.
Share capital: 7,500 shares of Rs.10 each	75,000	Land and Building	42,000
General Reserve	15,000	Plant & Machinery	48,000
Taxation Reserve	22,500	Trade Marks	7,500
Workmens savings account	11,250	Stock	18,000
Profit and loss Account	12,000	Debtors	33,000
Sundry Creditors	36,750	Cash at Bank	19,500
		Preliminary Expenses	4,500
	1,72,500		1,72,500

The plant and machinery is worth Rs.45,000 and land and Buildings have been valued at Rs.90,000. Profit of the company have been as follow:

2013 Rs.30,000

2014 Rs.33,750

2015 Rs.33,750

It is the company's practice to transfer 25% of the profit to General Reserve. Find out the value of the shares on the yield basis, intrinsic value and Fair value. Similar companies give a return of 10% on the market value of their shares.

OR

B Followings is the balance sheet of Deva Ltd. as on 31<sup>st</sup> March 2014.

15

Liabilities	Rs.	Assets	Rs.
Share Capital Authorised: 10,00,000 Equity shares of Rs.10 each	1,00,00,000	Fixed Assets:	
Issued: 8,00,000 Equity shares of Rs.10 each, Rs.8 paid up	64,00,000	Land and Building	30,00,000
General Reserve	10,00,000	Plant and Machinery	30,00,000
Profit and Loss account	50,00,000	Furniture	22,00,000
Securities Premium	20,00,000	Investments	15,00,000
11% Debentures	20,00,000	Current assets	
Bank loans	20,00,000	Debtors	47,00,000
Credotors	15,00,000	Bills Receivable	10,00,000
Bills payable	15,00,000	Bank balance	40,00,000
		stock	20,00,000
	2,14,00,000		2,14,00,000

The company decided to buy back the maximum number of equity shares as may be permitted at a price of Rs.20 per share.

Pass Journal entries for the buy back.

- Q.5 A What is the need of Accounting Standards?  
B What are the advantage of computers?

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OR

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C Short notes (Any Three)

- 1) Own Debentures
- 2) Methods of Goodwill Valuation
- 3) Restrictions on Buy back of shares
- 4) Right shares
- 5) Share Capital