

26/11/19

Tuesday
10:30 am to 1:00 pm

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Paper / Subject Code: 46012 / Finance: Financial Accounting
TY BMS Sem V Choice Based, Nov 2019

(2½ Hours)

[Total Marks: 75]

Note – All questions are compulsory with internal choice.

Q1A. Multiple Choice Questions (any 8)

(08)

- 1) Following is an example of an accounting policy
 - (a) Realisation
 - (b) Materiality
 - (c) Dual Aspect
 - (d) Valuation of investment

- 2) The following factor should be considered while selecting and applying accounting policies
 - (a) Consistency
 - (b) Prudence
 - (c) Dual aspect
 - (d) Cost

- 3) Accounting to AS I, disclosure should be made of
 - (a) Fundamental accounting assumptions
 - (b) All accounting principles
 - (c) All significant accounting policies
 - (d) All accounting policies

- 4) The underwriter is entitled to claim remuneration on
 - (a) The issue price of shares underwritten
 - (b) The face value of share actually purchased
 - (c) The face value of shares not purchased by him
 - (d) None of the above

- 5) If the whole of the issue of shares or debentures is underwritten it is known as
 - (a) Partial underwriting
 - (b) Sole underwriting
 - (c) Complete or full underwriting
 - (d) None of the above

- 6) If a part of the issue of shares or debentures is underwritten, it is termed as
- (a) Partial underwriting
 - (b) Complete underwriting
 - (c) Firm underwriting
 - (d) None of the above
- 7) Following is not a fixed income bearing securities
- (a) Debentures
 - (b) Equity shares
 - (c) Preference shares
 - (d) Government securities
- 8) Interest is always calculated on the
- (a) Market value of the security
 - (b) Nominal value of the security
 - (c) Book value of the security
 - (d) Weighted average cost of the security
- 9) Interest on bonds accrues
- (a) On the last day of the financial year
 - (b) On due dates fixed in advance
 - (c) On the date fixed by board resolution
 - (d) As declared by the company in the beginning of every financial year
- 10) If market value of investment held as current asset is less than cost
- (a) Difference is credited to P&L a/c
 - (b) Difference is debited to P&L a/c
 - (c) Difference is ignored
 - (d) Difference is debited to capital reserve a/c

Q1B. Match the following (any7)

(07)

Column A (Items)	Column B (Headings)
1) Bank Balance	a) Current Liabilities (Other Current Liabilities)
2) Investments	b) Shareholders Funds (Reserve & Surplus)
3) Accrued Salary	c) None Current Assets (Non Current Investment)
4) Authorised Capital	d) Current Liabilities (Other Current Liabilities)
5) Acceptance	e) Share Capital
6) Unclaimed Dividend	f) Shareholders Funds (R&S)
7) Proposed Dividend	g) Current Assets (Cash & Cash Equivalent)
8) Security Premium Reserve	h) Shareholders Funds (R&S)
9) General Reserve	i) Current Liabilities (Trade Payable)
10) Capital Reserve	f) Notes to Accounts

Q.2 A) Krishna Ltd. Imported goods from Skylark Ltd. Of USA worth US \$ 3,00,000 on 31st October 2014 when the exchange rate was Rs 65 per US \$. The amount was paid in instalments as follows. (15)

Date	Amount of installment US \$	Exchange Rate Per US \$
15-11-2014	1,00,000	64
15-03-2015	50,000	66
20-04-2015	50,000	63
10-01-2016	1,00,000	61

Krishna Ltd. Closes its books on 31st March every year. On 31st March, 2015 the exchange rate was Rs. 61 per US \$.

You are required to pass Journal Entries in the books of Krishna Ltd. For the years ended 31st March, 2015 and 31st March, 2016.

Also prepare Foreign Exchange Fluctuation Account in the books of Krishna Ltd. For the relevant years.

OR

Q,2 B) The following transaction of Miss Naina took place during the year ended 31st March, 2014.

(07)

Date	Transactions
12-04-2013	Purchased 1,00,000 Equity Shares of Rs. 10 each in ABC Ltd. For Rs. 50,00,000.
15-05-2013	ABC Ltd. Made a Bonus issue of 3 Equity Shares for every 2 shares held
30-06-2013	Naina sold 1,25,000 bonus shares for Rs. 20 each

Prepare Equity Shares in ABC Ltd. Account in the books of Miss Naina for the year ended 31-03-2014.

Q2.C) Chaitanya Limited issues 40,000 shares. Issue is underwritten by A, B and C in the ratio of 5 : 3 : 2 respectively. Unmarked applications totalled 2,000 whereas marked applications are as follows: A -16,000; B -5,700; and C -8,300. Calculate the net liability of each one of the underwriters. Unmarked applications are to be distributed amongst the underwriters in the ratio of their gross liability. (08)

Q.3 A) From the following ledger balances of Regal Ltd has on 31st March 2017, You are required to prepare the balance sheet as on 31st March 2017 as per schedule III of the companies Act. (07)

Particulars	Rs.	Particulars	Rs.
Office Equipment	4,80,600	General Reserve	4,15,000
9% Debenture in APCO Ltd.	2,45,000	Creditors for Goods	1,68,500
Loose Tools	1,63,000	Creditors for Expenses	36,000
Plant & Machinery	18,00,000	Cash Credit	75,000
Computer Software	83,250	Mortgage Loan	3,10,000
Debtors for Goods	1,90,000	8% Preference Share Capital	5,50,000
Share Issue Expenses (Unwritten off)	30,000	Equity Share Capital	15,00,000
Stores & Spares	1,00,200	Staff Welfare Fund	85,000
Interest Accrued on Investment	51,000	Provision for Taxation	26,550
Cash at Bank	23,000		

Q.3 B) M Limited brought out a public issue of 1 lac equity shares Rs.10 each. The entire issue was underwritten by five underwriters as follows: A – 25 per cent; B-15 per cent; C -10 per cent; D -30 per cent; and E – 20 per cent. Applications bearing the seal of an underwriter are to be applied in relief of liability. The following applications were received: 13,750 shares bearing the seal of A; 10,250 shares bearing the seal of B; 9,250 shares bearing the seal of C; 8,250 shares bearing the seal of D; and 8,500 shares bearing the seal of E; 30,000 shares had no seal of underwriters. Find the liability of individual underwriters. Unmarked applications are to be distributed amongst the underwriters in the ratio of their gross liability. (08)

OR

Q3.C) Mr. Ashok entered into following transactions of Equity Shares of Rs 10 each of Anmol Ltd. (15)

Date	No of shares	Details
1-4-2015	1,500	Rs 34,500 Cost (Opening)
15-5-2015	1,000	Purchase @ Rs 22 per share
15-7-2015	2,500	Bonus shares received
15-12-2015	1,500	Sale @ Rs 22 per share
1-3-2016	1,000	Sale @ Rs 24 per share

Additional Information:

- 1) On 1st September 2015, dividend @ Rs. 3 per share was received for the year ended 31st March 2015.
- 2) On 10th November, 2015 the company made a right issue of Equity Shares in the ratio of one share for every five shares held on payment of Rs. 20 per share.
- 3) Mr. Ashok subscribed for 50% of the share and sold remaining on his rights @ Rs. 3 per share.

You are required to prepare investment in Equity Shares Accounts in the books of Mr. Ashok for the year ended 31st March 2016. (Round off figures to the nearest rupee)

Q.4 A) Following is the trial balance of XYZ Ltd. As on 31st March 2017. (15)

Debit Balances	Rs.	Credit Balances	Rs.
Fixed Assets (Net Block)	7,50,000	Equity share capital (Rs.10 each fully paid)	4,40,000
Investments	2,50,000	9% Preference share capital (Rs. 100 each fully paid)	1,00,000
Closing Stock	3,75,000	Profit & loss statement	2,80,000
Sundry Debtors	1,22,500	Securities Premium	30,000
Share issue expenses	20,000	Debentures Redemption Reserves	2,00,000
Staff Advance	1,00,000	General reserves	75,000
Advance Tax	60,000	8% debentures	5,25,000
Prepaid Expenses	45,000	Loan from directors Mr.D.	10,000
Advance to suppliers	27,500	Loan from Subsidiary Co.	70,000
Cash in hand	12,500	Sundry Creditors	58,500
Bank balance	1,10,000	Bill Payable	21,500
		Provision for taxation	62,500
Total	18,72,500	Total	18,72,500

Additional Information

- (a) Transfer to debenture redemption reserves Rs 50,000 and General Reserves Rs. 25,000.
- (b) Entire Authorised shares capital has been issued & subscribed.
- (c) 8% debentures are secured against all fixed assets. The figure in trial balance includes interest accrued and due Rs 25,000
- (d) Loan from Director and subsidiary Co. are unsecured, and for short term.
- (e) Creditors include creditors for goods Rs 40,000 while for expenses Rs 18,500.
- (f) Stock comprises of Raw-Materials Rs 2,50,000, work in process Rs 50,000 and Finished goods Rs 75,000.
- (g) Of the debtors, debts due for more than 6 months is Rs 22,500. All debts are unsecured and considered to be good.

(h) Profit and loss statement figures in Trial Balance is arrived at as under :

Previous Year's Balance b/d	1,48,500
(+) Net Profit for the Year	<u>1,31,500</u>
	2,80,000

(i) Ignore Previous years figures.

After considering the above adjustments, prepare balance sheet of the Company as on 31st march, 2017 as per schedule III requirements.

OR

Q.4 B) Excel limited issued 40,000 shares of Rs 10 each. These shares were underwritten as follows : A - 20,000 shares; and B - 12000 shares. The public applied for 33,000 shares which included marked applications from the underwriters as follows : A - 5,000 shares; B - 3,000 shares. Direct applications received by the company were for 5000 shares. Determine the net liability of the underwriters. Unmarked applications are to be distributed amongst the underwriters in the ratio of their gross liability. (08)

Q.4 C) Pass necessary Journal Entries in the books of N of Nasik based on AS 11. A machine was imported on 20th January, 2013 from Jackie Chan of China for US \$ 2,00,000. The payment for the same was made as follows (07)

US \$ 1,50,000 on 27th February 2013

US \$ 50,000 on 15th March 2013

The Exchange Rate for \$ 1 was as follows:-

On 20th January, 2013 Rs 47.00

On 27th February, 2013 Rs 46.50

On 15th March, 2013 Rs 48.00

N follows financial year as accounting year.

Q.5) a) What do you mean by Ethics? Describe its Scope. (07)

Q.5) b) Describe the fundamental principles of IFAC Code. (08)

OR

Q.5) c) Write a Short notes (Any Three) (15)

i) Contingent Liabilities

ii) Overriding commission

iii) Exchanges Rates

iv) Accounting Standard 11

v) Corporate Governance