

**Indian Maritime University**  
(A Central University, Govt. of India)

**End Semester Examinations – June 2023**

**Programme: BBA (LRE)**

**Semester: III**

**Subject Code: UG31T2302**

**Subject: Financial Accounting III**

---

Date: 07.06.2023

Max Marks: 70

Duration: 03 Hrs

Pass Marks: 35

---

General Instructions

All Sections (A, B & C) are to be attempted.  
Options, if any, are specified in respective section.

**Section A**

Ten MCQs/Fill in the Blanks of 01 Mark each  
Choose the correct answer as applicable.

1. If discount on reissue of shares is less than the amount forfeited the surplus is transferred to \_\_\_\_\_
  - (a) Capital reserve
  - (b) General reserve
  - (c) Securities premium reserve
  - (d) Statement of profit and loss
2. Partly secured creditors Rs.40,000 (Assets mortgaged Rs.25000) then fully secured creditor will be :
  - (a) Fully secured by 40,000
  - (b) Fully secured by 15000
  - (c) Fully secured by 25000
  - (d) Fully secured by 65000
3. The term "Audit" is derived from a Latin word "audire" which means :
  - (a) To inspect
  - (b) To hear
  - (c) To examine
  - (d) To investigate
4. Goodwill is
  - (a) Tangible asset
  - (b) Intangible asset
  - (c) Fictitious asset
  - (d) Both (b) and (c)
5. Profit on re-issue of forfeited shares is transferred to:
  - (a) Profit & Loss a/c
  - (b) Capital reserve a/c

- (c) Share capital a/c
  - (d) General reserve a/c
6. This kind of audit is conducted generally between two annual audits .
- (a) Internal audit
  - (b) Interim audit
  - (c) Final audit
  - (d) Continuous audit
7. The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called \_\_\_\_\_
- (a) Surplus
  - (b) Super profit
  - (c) Reserve
  - (d) Goodwill
8. The portion of the capital which can be called up only on winding up of the company is called:
- (a) Authorised capital
  - (b) Issued capital
  - (c) Subscribed capital
  - (d) Reserve capital
9. Auditing is compulsory for
- (a) Small scale business
  - (b) Partnership firms
  - (c) Joint stock companies
  - (d) Proprietary concerns
10. \_\_\_\_\_ is a method of organising the accounting system of a business concern or a factory by which the duties of various clerks are arranged in such a way that the work of one person is automatically checked by another.
- (a) Internal control
  - (b) Internal check
  - (c) Internal audit
  - (d) All of the above

### **Section B**

Five Questions of 02 Marks each

- 11. What are the purposes of share premium reserve?
- 12. Explain the difference between the statutory auditor and internal auditor?
- 13. What is meant by profits prior incorporation?
- 14. List down the advantages of preference shares?
- 15. Explain the term vouching?

### **Section - C**

Seven Questions of 10 Marks each of which any 05 questions to be answered.

16. The following particulars relate to a limited company which went into voluntary liquidation:

	Rs.
Preferential creditors	25,000
Unsecured creditors	58,000
6% debentures	30,000

The assets realised Rs.80, 000. The expenses of liquidation amounted to Rs.1500 and the liquidator's remuneration was agreed at 2.5% on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account.

17. Discuss the advantages and disadvantages of Audit programme?

18. Raja Ltd was incorporated on 1.7.2014 which took over a running concern w.e.f 1.1.2014. The sales for the period upto 1.7.2014 was Rs.2,70,000 and the sales from 1.7.2014 to 31.12.2014 amounted to Rs.3,30,000.

- (a) Director's fees- Rs.15000
- (b) Bad debts – Rs.1800
- (c) Advertisement (Rs.500/month)- Rs.6000
- (d) Salaries & general expenses – Rs.32000
- (e) Preliminary expenses written off- Rs.3000

The gross profit was for 1.1.2014 to 31.12.2014 is Rs.2,40,000.

Ascertain the profit prior to incorporation.

19. What do you understand by goodwill? Describe the various methods for calculation of goodwill?

20. Honda Ltd. Issued 10,000 equity shares of 100 each payable as follows: Rs.20 on application, Rs.30 on allotment, Rs.20 on first call and Rs.30 on final calls. 10,000 shares were applied and allotted. All money due was received with the exception of both calls on 300 shares held by Supriya. These shares were forfeited. Give necessary journal entries.

21. Explain the objectives of auditing?

22. Explain the factors affecting valuation of shares?

-----All the Best-----