

INDIAN MARITIME UNIVERSITY
(A Central University, Govt. of India)
End Semester Examinations – Dec 2019/Jan 2020
B.B.A (Logistics, Retailing and E-Commerce)
Semester - III
UG31T1302 /2302 Financial Accounting III

Date: 30.11.2019

Max Marks :100

Time: 3 HRS

Pass Marks : 50

Part– A
Answer all the Questions

10 x 1 = 10

1. Capital Redemption Reserve is used for
 - a) Writing off Capital Losses
 - b) Writing off of Past Losses
 - c) Issuing fully paid bonus shares
 - d) None of the above

2. Redeemable Preference share are redeemable
 - a) Within 20 years
 - b) Within 7 years
 - c) Within 10 years
 - d) None of the above

3. The excess price received over the par value of shares should be credited to
 - a) Calls-in Advance
 - b) Securities premium account
 - c) Reserves & surplus account
 - d) None of the above

4. Profit on re-issue of forfeited shares is transferred to
 - a) Revenue Reserve
 - b) General Reserve
 - c) Capital Reserve
 - d) None of the above

5. A debenture holders are the
 - a) Owners of the company
 - b) Members of the company
 - c) Creditors of the company
 - d) None of the above

6. Internal reconstruction means
 - a. Amalgamation in nature of merger
 - b. Capital Reduction
 - c. Absorption
 - d. None of the above

7. The following one is not a method of valuing Goodwill
 - a. Average profit method
 - b. Weighted average profit method
 - c. Factor Reversal Test method
 - d. Super profit method

8. _____ is the systematic examination of the books and records of a business
 - a. Auditing
 - b. Vouching
 - c. Verification
 - d. Checking

9. The work of one accountant is automatically check by another accountant is called
 - a. Internal Control
 - b. Internal Check
 - c. Internal Audit
 - d. None of the above

10. A set of directions that the auditor and its team members need to follow for the proper execution of the audit is called
 - a. An audit programme
 - b. An Audit development
 - c. Team plan
 - d. None of the above

Part– B (200 words)

Answer any 6 questions not exceeding 200 words:

6 x 7 = 42

11. Explain the difference between Internal control and Internal Check?

12. X Ltd issued 100,000 equity shares @ Rs 10 plus Rs 5 as premium payable as follows: -

Rs. 2 on application

Rs. 10 on allotment (including premium)

Rs. 2 on Share I Call

Rs. 1 on Share Final Call

The Company received application for 1,50,000 shares. Excess application were rejected. Journalize

13. From the following Balance Sheet, you are required to value the equity shares under net assets method

Liabilities	Rs	Assets	Rs
2000 6% preference shares of Rs 100 each	200,000	Assets at book value	6,00,000
30,000 equity shares @10 each	3,00,000		
Sundry Creditors	1,00,000		
	6,00,000		6,00,000

The market value of 50% of assets is considered as 10% more than the book value and that remaining 50% at 5% less than the book value. There was a liability of Rs. 5000 which remained unrecorded. Assumer preference shares have no priority as to the repayment of capital or dividend.

14. Good Ltd issues 10000 12% Debentures of Rs 100 each. Give journal entries if the debentures are redeemable at par and are (i) issued at par, (ii) issued at discount of 2% and (iii) issued at a premium of 3%.
15. Write the format of P&L account as per companies Act 2013
16. Explain the term 'Underwriters' and 'Brokers'
17. The Balance Sheet of Jack as on 31st Dec, 2018 is as follows:

Balance Sheet

(Value in Rs.)

Liabilities		Assets	
Authorized capital		Machinery	165,000
72,000 shares of Rs.10 each	720,000	Patents	201,000
Paid up capital		Equipment's	75,000
54,000 shares of Rs 10 each	540,000	Preliminary expenses	15,000
Accounts Payable	36,000	Stock/ Inventory	24,750
Accrued liabilities	12,000	A/ Receivables	14,040
		Cash	180
		Profit & Loss	93,000

The special resolution for capital reduction has been passed and confirmed as per following details:

Rs.10 shared are to be reduced to Rs.6 for the same number of shares,

The amount of reduction should be utilized for:

- i. The balance of the profit and loss account and preliminary expenses,
- ii. machinery to be reduced to Rs. 100,000.
- iii. Rs. 9,000 write off against inventory,
- iv. Patents should be reduced to Rs. 167,000.

Pass the Journal entries in the books of Jack.

18. Calculate the amount of goodwill on the basis of 3 years purchase of the last five-year average profits. The profits are:

Year	Rs
I	4800
II	7200
III	10000
IV	3000
V	5000

Part– C

Question No.19 of the is compulsory:

1x12 = 12

Answer **any 3** questions of the remaining 5 questions:

3x12 = 36

19. The Nice Men Ltd went into liquidation. Its assets realized Rs.35,00,000 excluding amount realized by sale of securities held by the secured creditors. The following was the position: -

	Rs.
Share Capital 500000 shares @ Rs. 10 each	
Secured Creditors (Securities realized Rs 400000)	3,50,000
Preferential Creditors	60,000
Unsecured creditors	14,00,000
Debenture having a floating charge on the assets of the company	25,00,000
Liquidation Expenses	50,000
Liquidators remuneration	75,000

Prepare Liquidators Final Statement of Account.

20. Diamond Ltd. has part of its share capital consisting of 2000, 12% Redeemable Preference Shares of Rs 100 each, repayable at a premium of 10%. The shares have now become ready for redemption. It is decided that the whole amount will be redeemed out of a fresh issue of 20,000 equity shares @ Rs 10 each with a premium of Rs 5 amounting to Rs 15 each. The whole amount is received in cash and the 12% preference shares are redeemed for the relevant portion.

Show the necessary journal entries in the books of the company

21. Explain the objectives and advantages of verification of Assets and liabilities.
22. Kites Co. Ltd. invited applications for 20,000 of its Equity Shares of Rs. 10. Each at premium of Rs. 2 per share, payable as Rs. 3 on application, Rs 7 on allotment (including premium); and balance on first & final call.

Applications for 25000 shares were received, and it was decided –

- To refuse allotment to applicant of 1000 shares
- To allot in full to applicants of 4000 shares
- To allot the balance of available shares on pro-rata basis.

Mr. X. holding 200 shares to whom shares had been allotted on pro-rata basis failed to pay the amount due on allotment and call; Mr. Y holding 100 shares to whom full allotment was made failed to pay the amount due on call only. These shares were forfeited.

160 forfeited shares of Mr. X and 40 shares of Mr. Y were re-issued at a discount of Rs. 1 per share to Mr. Z.

Show the Journal entries including cash books of Kites Co. Ltd.

23. Explain the importance of Managerial remuneration and what is the permissible managerial remuneration payable under the companies act 2013
24. What is “Profit Prior to and Post Incorporation”? Explain the method of ascertaining them.