Seat No. : _______________

ND-143

December-2015

S.Y. MBA Integrated

Advanc Financial Accounting-I

Time : 3 Hours] **[Max. Marks : 100**

1. (a) Explain various types of share capital. **6**

   (b) A Ltd. has issued 1,00,000 equity shares of ₹ 10 each at 20% premium. The amount was called as under : **14**

	₹	
On Application	5	
On Allotment	3	(Including 50% premium)
On First call	2	(including 50% premium)
On Last Call	2	

The company received applications for 1,60,000 shares. Applicants of 1,50,000 shares were allotted shares on pro-rata basis. The remaining applications were rejected and the amount thereon was refunded. Excess amount received on applications was credited towards the amount due on allotment.

- Mr. X, who had applied for 3,000 shares, has paid only application money.
- Mr. Y, to whom 1,200 shares were allotted, could not pay both the calls.

The company forfeited shares of both the persons after last call and reissued to Mr. Z at maximum possible discount. Pass necessary journal entries in the books of A Ltd.

2. Answer the following questions : (Any **Two**)

(a) Write a note on various types of debentures. Also, explain the procedure of issue of debentures. **10**

(b) B Ltd. issued 10,000 Debentures of ₹ 10 each on 1st January 2012 at par, repayable at the end of 3rd year. Debenture redemption fund was established for this purpose. **10**

It should set aside every year a sum of ₹ 34,893 and invested at 12% outside the business. All the investments were sold at ₹ 80,000 at the end of third year. Pass necessary journal entries and prepare Debenture Redemption Fund account and Debenture Redemption Fund Investment account in the books of B Ltd.

(c) The following balances appeared in the books of C Ltd. As on 31st March 2015. **10**

	₹
15% Debenture	50,00,000
Interest received on Debenture redemption fund investment	6,25,000
Discount on issue of Debenture	5,00,000
Debenture redemption fund	47,50,000
Debenture redemption fund investment :	
a. 10% Government securities (Purchased at par)	25,00,000
b. 15% Government bonds (Face value : 25,00,000)	22,50,000

On the same date, the investments were sold at ₹ 104 and ₹ 96 respectively. The company decided to redeem debentures of ₹ 25,00,000 at a premium of 10%. Every year, company transfers ₹ 2,50,000 to Debenture redemption fund account.

On 01-04-2015, the company purchased 15% Government securities of ₹ 15,00,000 at 10% premium. Pass necessary journal entries for the above stated transactions in the books of company.

3. Answer the following questions : (Any **TWO**)

(a) What are the objectives and benefits of buyback of shares ? Write a note on sources of buyback of shares. **10**

(b) D Ltd. issued 2,00,000 shares of ₹ 10 each at 20% premium. The whole issue was fully underwritten by P, Q, R as follows : **10**

P : 80,000

Q : 60,000

R : 60,000

Applications received for 1,60,000 shares of which marked applications were as follows :

P : 40,000

Q : 20,000

R : 80,000

The underwriting commission was 3% on issue price.

Find out the Net liabilities of P, Q, R using above information and pass necessary entries in the books of D Ltd.

(c) E Ltd. issued 60,000 shares which were underwritten as follows : **10**

A : 30,000

B : 20,000

C : 10,000

The underwriters made application for firm underwriting as follows :

A : 5,000

B : 3,000

C : 3,000

The total subscription of 40,000 shares excluding firm underwriting but including marked applications for 30,000 shares.

Marked applications received were as under :

A : 12,000

B : 10,000

C : 8,000

Find out the liability of the individual underwriters.

(a) If, Credit for firm underwriting is not given to underwriters.

(b) If, Credit for firm underwriting is given to underwriters.

4. Following is the Trial Balance of F Ltd. as on 31st December 2014. **20**

Particulars	₹	₹
Share capital issued and subscribed :		
3,96,000 Equity shares of ₹ 10 each fully paid up	-	39, 60,000
General Reserve	-	12,00,000
14% Loan (Secured by stock)	-	34,20,000
Business Creditors	-	25,44,000
Goodwill	24,00,000	-
Bad debts reserve	-	2,55,600
Building	43,20,000	-
Debtors	66,36,000	-
Plant and Machinery	29,28,000	-
Bank Balance	9,60,000	-
Misc. Income	-	3,83,400
Cash Balance	57,600	-
Bills Receivable	6,30,000	-
Bills Payable	-	9,40,800
Investments (Cost Price)	18,00,000	-
Goods stock (01-01-2014)	12,00,000	-
Purchases	1,90,80,000	-
Sales	-	3,99,12,000
Wages	10,51,200	-
Establishment expenses	77,64,000	-

Bad debts	1,89,000	-
Repairing expenses	11,64,000	-
Selling expenses	10,54,800	-
Misc. expenses	1,20,000	-
Insurance expenses	60,000	-
Rent	2,40,000	-
Salary	4,80,000	-
Electricity, Gas, Water	2,83,200	-
Auditor's Fees	72,000	-
Interest on Loan	1,26,000	-
	5,26,15,800	**5,26,15,800**

Prepare Final Accounts as per Companies Act after taking into account the following additional information :

(i) Depreciation Building by 5% and Plant and Machinery by 15%.

(ii) Provide bad debt reserve upto 5%.

(iii) Provide ₹ 8,40,000 General Reserve.

(iv) Prepaid insurance premium ₹ 12,000.

(v) Outstanding expense : Rent ₹ 24,000 and Salary ₹ 36,000.

(vi) The value of stock on 31st December 2014 is ₹ 18,00,000.

(vii) A commission of 5% on net profit is to be allowed to managing director.

(viii) The Board has recommended 8% dividend.

(ix) Provision for income tax is to be made at the rate of 55% on profit.

5. The G Ltd. was incorporated on 1-1-2015 to purchase the running business of the firm. The authorized capital of the company is consisting of 1,00,000 Equity shares of ₹ 10 each. The Balance sheet of the firm as on 31st December 2014 was as under : **20**

Liabilities	**₹**	**Assets**	**₹**
Capital Account :		Building	9,50,000
X : 5,00,000			
Y : 3, 75,000	8,75,000		
General Reserve	5,00,000	Furniture	2,50,000
Creditors	2,50,000	Stock	50,000
Bills Payable	4,00,000	Debtors	3,75,000
Unpaid expenses	1,25,000	Bank Balance	62,500
		Cash	4,50,000
		Advertisement	12,500
		Suspense Account	
	21,50,000		**21,50,000**

The company purchased the business of the firm with the following conditions :

(1) The company will give 75,000 shares of ₹ 10 each at a premium of 10% and balance in cash.

(2) The company will purchase all the real assets and liabilities excluding debtors and creditors.

(3) The company will take over building at ₹ 10,00,000 and furniture at a value which is 20% more than book value and other assets and liabilities were taken at book value.

(4) Goodwill of the firm to be valued at ₹ 1,25,000.

(5) The company agreed to collect from Debtors and pay off creditors on behalf of the firm. The vendor has to pay off commission to the company at rate of 2% on amount collected and 1½% on amount paid off to creditors.

(6) Bad debts amount to ₹ 25,000 out of the debtors and they were allowed 5% discount. Debtors to the tune of ₹ 25,000 are yet to be collected.

(7) Creditors were paid off at a 5% discount.

(8) The company issued remaining shares to the public at 10% premium. The company received the full amount.

Give journal entries in the books of company and prepare the Vendor's Debtors Account and Vendor's Suspense Account and Balance Sheet.