



III SEMESTER BBA EXAMINATION – MARCH / APRIL 2022

SCHEME: SEMESTER – CBCS

BBA

FINANCIAL ACCOUNTING - III

078

Time: 03 Hours

Max Marks: 80

PART - A

I Answer any Two questions. 15 marks each:

2x15=30

1) Alibaba Company invited application for 50,000 equity shares of ₹ 10 each

at a premium of ₹ 1 per share payable as under:

on application ₹ 2

on allotment ₹ 4 (including premium)

on 1st and final call 5

The applications were received for 60,000 shares and pro-rata allotment was made on 55,000 applications and 5,000 applications were refused allotment. All the money in respect of the issue was fully received except on 1000 shares held by Jack in respect of First and Final call. These shares were forfeited and re-issued @ ₹ 8 per share to Mack as fully paid.

Pass necessary entries in the books of the company

2) Following is the trial balance of the Tesla Ltd., as on 31.12.2021

Particulars	Debit ₹	Credit ₹
Debtors and Creditors	2,50,000	2,00,000
Purchases and sales	6,47,000	9,83,500
Returns	4,700	3,500
Fixed assets at cost	15,97,900	-
Preliminary expenses	13,320	-
Share Capital ₹ 100	-	12,50,000
Reserve Fund	-	2,97,600
Bad debts reserve	-	10,000
Cash	17,750	-
Wages	96,000	-
Unclaimed dividend	-	1,700
Interest on investment	-	11,400
Depreciation	70,000	-

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Administrative expenses	34,680	-
4% Debentures	-	3,00,000
Interest on debentures	6,000	-
Sales expenses	8,200	-
Bad debts	3,400	-
Bills payable	-	2,11,700
Profit and loss account	-	10,600
Investment	3,50,000	
Sundry expenses	1,050	-
Stock on 1.1.2020	1,30,000	-
Godwill	50,000	-
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Total	32,80,000	32,80,000
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Adjustments:

- 1) Stock on 31.12.2020 ₹ 1,40,000.
- 2) Maintain the reserve for debtors at 5%.
- 3) Write off half of the preliminary expenses.
- 4) Provide for debenture interest.

Prepare Profit and Loss account and Balance Sheet as per new regulations.

- 3) a) Beta Ltd. issued 10,000, 9% debenture of ₹ 100 each. Pass the necessary journal entries for the issue of debentures in the books of the company for the following cases.
 - i) When debentures are issued at 10% premium and redeemable at par.
 - ii) When debentures are issued at par and redeemable at 10% premium.
 - iii) When debentures are issued at 5% premium and redeemable at 10% premium.
- b) Explain methods of Redemption of debentures.
- 4) X Ltd went into voluntary liquidation on 31.12.2020. The balance sheet on the above date is as follows.

Liabilities:

5,000 10% preference shares of ₹ 100 each fully paid	5,00,000
2,500 equity shares of ₹ 100 each ₹ 75 paid	1,87,500
7,500 equity shares of ₹ 100 each ₹ 60 paid	4,50,000
15% debenture secured by a floating charges	2,50,000
Interest outstanding on debentures	37,500
Creditors	3,18,750

	17,43,750



Assets:	
Land and Buildings	2,50,000
Machinery and Plant	6,25,000
Patents	1,00,000
Stocks	1,37,500
Sundry debtors	2,75,000
Cash and Bank	75,000
Profit and Loss Account	2,81,250

	17,43,750

Preference dividends were in arrears for 2 years and the creditors include preferential creditors of ₹ 38,000.

The assets realized as follows:

Land & Building ₹ 3,00,000, Machinery and Plant ₹ 5,00,000, patents ₹ 75,000, Stock ₹ 1,50,000, Sundry debtors ₹ 2,00,000.

The expenses of liquidation amounted to ₹ 27,250.

The liquidator is entitled to a commission of 3% on assets realized except cash. Assuming the final payments including those on debenture is made on 30th June 2021.

Prepare the liquidators final statement of Account.

PART - B

II Answer any Three questions. 10 marks each:

3x10=30

- 5) Define debenture. Explain the different type of debenture.
- 6) Bharat Ltd., has given the draft Balance Sheet as on 31st December 2021:

Issued and subscribed capital:

7,000 equity shares of ₹ 10 each ₹ 8 paid	56,000
Reserve fund	36,000
Profit and Loss Account	29,000

The Board of Directors passed resolutions as follows:

- a) To utilize General Reserve to make partly paid shares into fully paid.
- b) To capitalize a part of existing reserves and profits by issuing bonus shares.

One bonus share was issued for every 4 equity shares held. For this purpose ₹ 10,000 are to be provided out of Reserve fund and the balance out of profit and loss account.

Show necessary journal entries to give effect to the above resolution.

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- 7) W Company Ltd. had 5,000, 8% redeemable preference shares of ₹ 100 each, fully paid up. The company decided to redeem these preference shares at premium of 5% by the issue of sufficient number of equity shares of Rs. 10 each fully paid at a premium of 10%.

You are required to pass necessary journal entries.

- 8) Briefly explain the functions of SEBI.
9) List out the differences between Shares and Debentures.

PART - C

III Answer any Four questions. 5 marks each:

4x5=20

- 10) State the types of preference shares.
11) List out the conditions for issue of shares at discount.
12) Differentiate between calls in arrears and calls in advance.
13) Write a note on BSE and NSE.
14) What is D-mat account?
15) Write a note on pro-rata allotment of shares.

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