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BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)
EXAMINATION : DECEMBER - 2023
SEMESTER - II
Sub. : Financial Accounting (BBA15- 212)

Date : 21/12/2023	Total Marks : 60	Time: 10.00am to 12.30pm
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Instructions: 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option. (05)

1. Pro-rata allotment of shares is made when there is
 - a) Under subscription
 - b) Equal subscription
 - c) Oversubscription
 - d) As and when desired by directors
2. If applicants for 80,000 shares were allotted 60,000 shares on prorata basis, the shareholder who was allotted 1,200 shares must have applied for
 - a) 1,600 Shares
 - b) 1,000 Shares
 - c) 900 Shares
 - d) None of the given
3. On an equity share of Rs. 10 the company has called up Rs. 8 but Rs. 6 have been received by the company is forfeited, the capital account should be debited by:
 - a) Rs. 10
 - b) Rs. 8
 - c) Rs. 100
 - d) Rs. 80
4. A debenture
 - a) Does not require security
 - b) Is a long term loan
 - c) Is a short term loan
 - d) Receives dividend payments
5. Debt capital refers to.....
 - a) Money raised through the sale of shares.
 - b) Funds raised by borrowing that must be repaid
 - c) Factoring accounts receivable.
 - d) None of the given

Q. 2. State True / False

1. Public limited companies cannot issue Deferred Shares.
 - a) True
 - b) False
2. Provision for Tax appear in a Company's Balance Sheet under the Sub-head Short-term Provision.
 - a) True
 - b) False
3. Inventories are shown under the head 'Current Liabilities' while preparing the Balance Sheet of a company
 - a) True
 - b) False
4. Distribution of dividend securities premium reserve account cannot be utilized
 - a) True
 - b) False
5. Credit Flow Statement .represents revenue, expenses and financial result of a business entity.
 - a) True
 - b) False

Q. 3. Write Short notes on (Any Three)

1. Rights Issue
2. Redemption of debentures
3. Declaration and Payment of Dividends
4. Winding up of a company
5. Employee Stock Options

Q. 4. Answer in detail (Any Two)

1. Explain the primary purposes behind a company opting for the buyback of shares and the redemption of preference shares. How do these actions align with corporate objectives?
2. LG Ltd. issued 50,000 Equity Shares of Rs. 10 each at a premium of Rs. 2 per share. The payment schedule was as follows:
 - On application: Rs. 4
 - On allotment: Rs. 5 (including premium)
 - On the first and final call: Rs. 3

The public applied for 50,000 shares, and all the shares were fully allotted. However, all money due was collected, except for the final call on 500 shares. Subsequently, these 500 shares were forfeited. The forfeited shares were reissued as fully paid for a payment of Rs. 9 per share. Pass necessary journal entries.

3. Omega Corporation issued 4,000 8% debentures with a face value of Rs. 150 each at 92% on April 1, 2023. These debentures are repayable through five equal annual installments of Rs. 30 each. Calculate the annual amount of discount to be amortized each year, assuming that the company finalizes its accounts on March 31 every year.

Q. 5. Case study

Toyota Ltd. issued 25,000 Equity Shares of Rs. 20 each at a premium of Rs. 2 per share. The payment schedule was as follows:

- On application: Rs. 10
- On allotment: Rs. 4 (including premium)
- On the first call: Rs. 4
- On the final call: Rs. 4

The public applied for 30,000 shares. The company decided to refund application money on 3,000 shares, and the remaining applications received shares on a pro-rata basis. All money due was received, except in the following two cases:

Mr. Dinkar did not pay the first and final call on 100 shares.

Mr. Suraj did not pay the final call money on 50 shares.

The company forfeited the shares of Mr. Dinkar and Mr. Suraj and reissued them to Prakash at Rs. 15 per share as fully paid. Pass necessary journal entries.