

R 2 BA 4 23

FyBBI - II

April 23

FA

Total Marks: - 75

Duration: - 2 hrs 30 mins

- Notes :-
1. All questions are compulsory subject to internal choices.
  2. Figures to the right indicate full marks.
  3. Use of simple calculator only is allowed.
  4. Working note should form part of answer.

**Q.1.A. Fill in the blanks with appropriate option. (Any 8)**

08

1. Goodwill is \_\_\_\_\_ asset. (a tangible / a current / an intangible)
2. Buyback of shares can be of \_\_\_\_\_ paid-up share. (partly / fully / non)
3. Discount on buyback is credited to \_\_\_\_\_ account.  
(capital redemption reserve / capital reserve / general reserve)
4. Dividend equalization reserve is a \_\_\_\_\_ profit. (non-divisible / divisible / divided)
5. Fund created to provide funds for redemption is called \_\_\_\_\_.  
(general reserve / sinking fund / profit & loss)
6. Convertible debentures can be redeemed by issue of \_\_\_\_\_ (equity shares / fixed asset / loan)
7. \_\_\_\_\_ shares cannot be redeemed except in case of liquidation of a company.  
(Preference / Equity / Debentures)
8. The buyback of shares results in reduction of \_\_\_\_\_ capital of a company.  
(issued / authorized / paid-up)
9. Intrinsic value of shares is calculated on the basis of \_\_\_\_\_ value of assets.  
(gross assets / net assets / net liabilities)
10. Capital Redemption Reserve can be used for issue of \_\_\_\_\_.  
(Preference shares / Debentures / Equity shares)

**Q.1.B. State whether following statements are True or False. (Any 7)**

07

1. The debentures can be redeemed at a discount.
2. Premium on redemption can be provided out of security premium.
3. The shares must be cancelled and destroyed after buyback.
4. Goodwill may be purchased or non-purchased.
5. Intrinsic value is also known as Net Assets Value.
6. Investments are non-trading assets.
7. Buyback must be as per RBI guidelines.
8. Preference shareholders have voting rights.
9. Capital Reserve is a divisible profit.
10. The debentures can be redeemed whenever company desires.

**Q.2.A.** The following net profits were earned which included a fixed income on investment of Rs 8,000 per year. Profits for Year ended 31st March –

2013 - Rs 1,28,000/-

2014 Rs 1,44,000/-

2015 - Rs 1,72,000/-

2016 - Rs 1,80,000/-

The weights to be assigned to the profits for the purpose of averaging are:-

<b>Year</b>	2013	2014	2015	2016
<b>Weight</b>	1	1.5	2	2.5

Calculate the goodwill for 3 years purchase of four years average profits.

15

**OR**

**Q.2.B.** You are informed that the company has earned profits and distributed dividend as under during the 3 years ended 31st March.

Year	Profit after tax (Rs)	Dividend
2015	20,000	5,000
2014	18,000	4,000
2013	16,000	4,000

Fixed Assets – Rs50,000/-    Current Assets – Rs 2,50,000/-    Current Liabilities – Rs 1,00,000/-

You are asked to evaluate the equity share on net assets basis. 15

**Q.3.A.** A company issued 1,80,000 Redeemable Preference Shares at par on 1st January, 2007, redeemable out of profits

On 30<sup>th</sup> June, 2012 – Rs 60,000/-

On 30<sup>th</sup> June, 2013 – Rs 40,000/-

On 31st December 2013, company redeemed the balance of Preference Shares. Pass the necessary Journal Entries to record the above transactions. 15

**OR**

**Q.3.B.** A company buys back 50,000 shares of Rs 10/- each at Rs 25/- per share. The reserves of the company are as follows:

Securities Premium – Rs 15,00,000/-

General Reserve – Rs 20,00,000/-

Profit & Loss A/c – Rs 3,00,000/-

The company also sold investments costing Rs. 10,00,000 at 5% profit. Pass the necessary entries in the books of the company for the above. 15

**Q.4.A.** Vijay Enterprises Limited issues 2000, 9% debentures of Rs 100 each. You are required to give journal entries on issue if:

- 1) Debentures are issued at par and redeemable at par.
- 2) Issued at a discount of 5% but redeemable at par.
- 3) Issued at a premium of 5% but redeemable at par.
- 4) Issued at a discount of 10% but redeemable at a premium of 5%.
- 5) Issued at par but redeemable at 10% premium.

15

**OR**

**Q.4.B.** Vasundhra Ltd. has 6000, 8% of debentures of Rs 100 each. These are due for redemption in four equal annual instalments starting from March 31, 2013.

Record necessary journal entries. 15

**Q.5.A.** Explain types of Debentures 08

**Q.5.B.** Explain methods of valuation of Goodwill 07

**OR**

**Q.5. Short Notes (Any 3)**

**15**

1. Divisible Profits

2. Super Profit

3. Debenture Redemption Reserve

4. Sources of buy-back

5. Yield Value Method