

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**FY B.Com, Semester I, Semester End Examination, November 2022**  
**Financial Accounting (CC02)**

**Duration: 2hrs****Max Marks: 80****Instructions:**

1. Question No.1 is compulsory.
2. Answer any **three** questions from Q. No. 2 to Q.No.6.
3. Start each question on a fresh page.
4. Figures to the right indicate maximum marks.
5. Give working notes wherever applicable.

**Q1.** Ms. Naira keeps her books under single entry. From the following information given below prepare a Trading, P & L A/c and Balance Sheet for the year ending 31-3-2022. **(20 Marks)**

Particulars of other Assets and Liabilities:

Particulars	31-3-2021	31-3-2022
Sundry Debtors	12,000	14,000
Stock of Materials	18,700	23,400
Sundry Creditors	9,000	1,500
Bills Receivable	4,000	5,000
Bills Payable	1,000	200
Furniture	600	600
Building	12,000	12,000

Receipts	Rs.	Payments	Rs.
To balance b/d	4,350	By Drawings	7520
To Sundry Debtors	38,400	By Sundry Creditors	27,100
To Bills Receivable Realized	12,000	By Bills Payable	9,300
To Commission Received	1,500	By Wages	12,000
To Cash Sales	8,600	By Salaries	6,500
		By Rent	4,400
		By Insurance	800
		By Carriage	250
To balance c/d	3,350	By Advertising	330
	<b>68,200</b>		<b>68,200</b>

**Additional Information:**

A reserve of Rs. 1,450 is required for doubtful debts and depreciation at 5% is to be written off on Building and Furniture. Rs. 3,000 is outstanding for the wages and Rs. 1,200 for salaries. Insurance has been prepaid to the extent of Rs. 250. Legal Expenses are outstanding to the extent of ₹ 700.

**Q2.** Bosch Ltd purchased a Machine for Rs 3,00,000 on 1<sup>st</sup> April 2019 to be replaced at the end of the third year. It decided to provide for its replacement by means of an Insurance policy for Rs 3,00,000. The annual premium was Rs 95,000. On 1<sup>st</sup> April 2022 the machine was replaced by a new machine costing Rs 3,20,000. The company closes its books of accounts on 31<sup>st</sup> March every year.

Prepare Machinery A/c, Sinking Fund A/c and Insurance Policy A/c for the three years ending 31<sup>st</sup> March, 2019-20, 2020-21 and 2021-22. (20 Marks)

**Q3.** Ashish Ltd made an issue of 20,000 shares of Rs 100 each at a premium of Rs.10 per share. The amount is payable as follows: (20 Marks)

Rs 20 on application,

Rs 40 on allotment (Including Premium)

Rs 25 on First Call

Rs 25 on Final Call

Applications were received for 15,000 shares and all these applicants were allotted shares. The directors made all the calls on shares. The first call money was not received on 1,000 shares and the second call money on 500 shares. The directors forfeited the shares on which the first call was not paid. Of the forfeited shares, 500 shares were re-issued as fully paid at 70 per share.

Pass Journal Entries.

**Q4.** Fintech Ltd. had 10,000 Equity Shares of Rs. 10 each, 1,000 8% Preference Shares of Rs. 100 each and Rs. 50,000 and Rs. 60,000 respectively in General Reserve and Profit and Loss Account. It also had Rs. 5,000 in Securities Premium Account. The company exercised its option to redeem the preference shares at 5% premium.

For the purpose of redemption 5,000 Rs. 10 equity shares were issued at 10% premium which was fully paid for. The company had Rs. 35,000 investments which were sold Rs. 32,000.

The directors then issued bonus shares to the equity shareholders at the rate of 2 for 3 held.

Pass Journal entries.

(20 Marks)

**Q5.** Balance Sheet of Teracoit Ltd as on 31/03/2022 is as follows:

Particulars	Note no	Amount (Rs)
<b>I) Equity and liabilities</b>		
1) Shareholders' funds		

a) Share capital	1	240000
b) Reserves and surplus	2	162000
2) Non current liabilities		
Long term borrowings	3	150000
2) Current liabilities		
a) Trade payable		75000
b) Short term provisions		39000
<b>Total</b>		<b>666000</b>
<b>II) Assets</b>		
1) Non-Current assets		
a) Fixed Assets		
i) Tangible assets		405200
B) Noncurrent investments		14800
2) Current assets		
Inventories		120000
Trade receivables		52000
Cash and cash equivalent		74000
<b>Total</b>		<b>666000</b>

**Notes to accounts**

Note No	Particulars	Amount (Rs)
1	Share capital	
	Equity shares of Rs 10 each	240000
	<b>Total</b>	<b>240000</b>
2	Reserves and surplus	
	Securities Premium A/c	35000
	General Reserve	93000
	Profit and Loss A/c	34000
	<b>Total</b>	<b>162000</b>
3	Long term borrowings	
	9% Debentures	150000
	<b>Total</b>	<b>150000</b>

On 1<sup>st</sup> April 2022 the company announced buyback of 25% of its equity shares @ Rs.15 per share. For the purpose it sold all its investments for Rs 16,000 and issued 200 9% Preference shares of Rs. 100 each at premium of 2%. The company also issued fresh 100 9% debentures for Rs.200 each. The company achieved the target of buy back. The company incurred Rs 4000 on account of buy back expenses.

(20 Marks)

Journalize the above transactions

(4 x 5=20 Marks)

Q6. Write short notes on the following:

- Methods of charging depreciation
- Advantages of Single entry system

c. Book Building Process

d. Legal Provisions for redemption of preference shares under Companies Act 2013.