

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
FY B.Com((Hons.), Semester-I (OA-38), Semester End Examination Nov 2023
Financial Accounting (COM-100)

Duration: 2hrs

Max Marks: 80

Instructions:

- i. All the questions are compulsory, however an internal choice is provided between the sub questions.
- ii. All questions carry equal marks and the figures to the right indicate the maximum marks allotted to questions/sub-questions.

Q.1 Answer the following questions in approximately 40 words.

(8x2= 16Marks)

- a) Enumerate any four users of accounting information.
- b) Give two points on the need for IFRS.
- c) Give two points of difference between single entry system and double entry system.
- d) Mention any two limitations of single entry system of accounting.
- e) Write a short note on bonus issue in context of investment in shares.
- f) Show the treatment of accrued income on financial statements as per the requirements of Schedule III of the Companies Act 2013.
- g) Give one example each of fixed returns bearing investment and fluctuating returns investment.
- h) Where would the following items appear in the financial statements as per the requirements of Schedule III of the Companies Act 2013?

- Interim dividend

- Unclaimed dividend

Q.2 A. Fintech Ltd. purchased a Machinery for Rs 4,00,000 on 1st April 2020 having a life of 3 years. The company decided to provide depreciation under the Insurance Policy Method. Fintech Ltd. took an endowment insurance policy equal to the value of the asset, the annual premium of which was fixed at Rs. 1,20,000. The company closes its books on 31st March every year. Prepare Machinery A/c, Insurance Policy A/c and Depreciation Fund A/c for the 3 years.

(12 Marks)

OR

Q.2 B. Zen Ltd. purchased a truck for Rs 15,00,000 on 1st April 2020 with a useful life of 3 years. The company decided to replace the truck at the end of 3 years by setting up a Sinking Fund. The annual depreciation to be provided is Rs. 4,75,813. The investments are made in 5% Government Loan. The company closes its books of accounts on 31st March every year. The investments were sold for 10,05,000 at the end of the third year. Prepare Truck A/c, Sinking Fund A/c and 5% Government. Loan A/c for 3 years. (12 Marks)

Q.2 C Explain any two accounting concepts. (04 Marks)

Q.3 A. Mr. Harsh maintained his books under the single entry system. The following information is available from his records:

Summary of Cash

Balance b/d	18,000	Carriage	12,000
Cash sales	1,40,000	Creditors payment	85,000
Received from debtors	35,000	Sundry expenses	16,000
		Drawings	15,500
		Cash purchases	44,500
		Balance c/d	20,000
	1,93,000		1,93,000
Other information: -		March 31, 2022 (Rs.)	March 31, 2023 (Rs.)
Discount allowed during the year			2,400
Discount received during the year			1,790
Creditors		13,400	6,800
Debtors		9,800	11,800
Stock of materials		11,000	14,000
Office Equipment		50,000	50,000

Additional Information: Depreciation @ 10% was recorded on Office Equipment. His capital balance as at 31st March 2022 was Rs. 75,400.

Prepare Profit & Loss Account for the year ending on March 31, 2023 and a Balance Sheet as at that date. (12 Marks)

Q.3 B. Differentiate between Single-entry and Double-entry system of accounting(four points). (04 Marks)

OR

Q.3 C. Explain the advantages of Single Entry System of Accounting(four points) (04 Marks)

Q.4 A.

Following is the Trial Balance of Jamson Ltd., as on 31st March, 2023:

Particulars	Debit(Rs.)	Credit(Rs.)
Share Capital(Share of Rs. 100 each fully paid)		5,00,000
Premises(Cost Rs. 3,05,000)	2,50,000	
Heavy Machinery(Cost Rs. 4,10,000)	3,00,000	
Bad debts	5,000	
Advertising	30,000	
Rent received		10,000
Gross Profit (earned during the year 2022-2023)		2,90,000
General Reserve		2,20,000
Debtors	60,000	
10% Bank Loan		20,000
Stock on 31/03/2023	1,03,000	
Salaries	69,000	
Directors fees	32,000	
General Expenses	15,000	
Interest on loan	1,000	
Cash in hand	26,000	
Preliminary expenses	4,000	
Profit & Loss A/c balance on 01/04/2022		25,000
Investment in Equity Shares of SBI Bank	1,70,000	
	10,65,000	10,65,000

Other information:

i. Depreciation is to be provided @5% on heavy machinery and 2% on premises on WDV basis.

ii. Provide for taxation at Rs. 42,000.

iii. Write off preliminary expenses.

Prepare Profit & Loss A/c with relevant schedules in accordance with the requirements of Schedule III of the Companies Act 2013.

(12 Marks)

Q.4 B. Classify the following items in to specific heads of Assets and Liabilities as per Schedule III of the Companies Act 2013.

(04 Marks)

Advance tax	Short term loan taken
12% Debentures	Outstanding interest
Debenture Redemption Reserve	Employees Provident Fund
Property	Rent received in advance

OR

Q.4 C. Prepare Note to Account for Property, Plant & Equipment(PPE) given the following information of Joy Ltd. as per the requirements of Schedule III of the Companies Act 2013 as at the end of the year 31st March 2023 **(04 Marks)**

Land & Building as on 1 st April 2022(original cost Rs. 5,40,000)	3,50,000
Vehicle (original cost Rs. 10,45,000)	4,40,000
Purchase of Vehicle on 30 th September 2022	8,80,000
Depreciation on Land & Building @ 10% and Vehicle @ 20% under written down value method	

Q.5 A. On 1st January 2022, 400- 6% Debentures of Rs 100 each of Sach Ltd. were held as investment by Samson Ltd. at a cost of Rs 38,200. Interest is payable on 30th June and 31st December every year when the books are closed.
 On 1-4-2022 - Rs 7000 of such Debentures were purchased by Samson Ltd. @ Rs 98.50 each cum-interest.
 On 1-9-2022: Rs 7000 Debentures were sold at Rs 96 Ex-interest.
 On 31-12-2022: Rs 10,000 Debentures were sold @ Rs 95 cum-interest.
 Prepare Investment Account for the year ending 31st March, 2023. **(12 Marks)**

Q.5 B. Describe the provisions of AS-13 with respect to the treatment of investments.

OR

Q.5 C. Describe the provisions for rights issue in Investment Accounting. **(04 Marks)**