

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
FY B.Com, Semester-I, Semester End Examination October 2019
Financial Accounting (CC 2)

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

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.
- 3) Q.1 is compulsory.
- 4) Answer any three from Q.2 to Q.6.

Q.1) On 1st April 2015, Sonu-Monu Ltd purchased a machine for Rs 1,10,000 and spent Rs 6,000 on its installation. The expected life of the machine is 4 years, at the end of which the estimated scrap value will be Rs 16,000. Desiring to replace the machine on the expiry of its life, the company establishes a sinking fund. Investments are expected to realize 5% interest. According to the sinking fund table, Rs 23,200 are to be invested annually. At the end of the 4th year, the investments were realized at 5% less than the book value & the machine was sold off as scrap for Rs 18,000.

Prepare Machinery A/c, Sinking Fund A/c, Sinking Fund Investment A/c for all the years ending 31st March 2015 to 2019

(1 x 20 = 20 marks)

Q.2) Shailesh Ltd was registered with authorized share capital of Rs 25,00,000 divided into 25,000 equity shares of Rs 100 each. It issued 20,000 equity shares payable at Rs 30 on application, Rs 50 on allotment (including Rs 20 as premium) and Rs 20 each on two calls.

All 20,000 equity shares were subscribed. Holder of 500 shares failed to pay the first call. Then second call was made. Another shareholder holding 200 shares failed to pay the second call money. All 700 equity shares were forfeited. They were reissued at Rs 90 per share.

Pass journal entries to record the above transactions in the books of Shailesh Ltd for the year 31st March, 2019

(1 x 20 = 20 marks)

Q.3) The following balances were extracted from the books of Ananda Ltd as on 31st March 2019.

Particulars	Amount (Rs)
5,000 Equity Shares of Rs 100 each	5,00,000
20,000 9% Redeemable Preference Share of Rs 10 each	2,00,000
Profit and Loss A/c	1,60,000
Creditors	1,20,000
Investments	2,00,000
Bank Balance	10,000

On 1st April 2019 the company:

- Redeemed the preference shares at a premium of Rs 2 per share.
- Realized investments at a value of Rs 1,60,000
- Issued at a premium of Rs 40 per share such a number of equity shares for the purpose of redemption as to ensure that after the compliance with the legal requirements regarding redemption of preference shares the credit balance in Profit & loss A/c would be Rs 25,000.
- Issued as bonus, equity share at par at the rate of 1 bonus share for every 20 shares held on 31st March 2019.

You are required to pass journal entries.

(1 x 20 = 20 marks)

Q.4) Avinash Ltd has the following balances as on 31st March 2018

Particulars	Amount (Rs)
1,00,000 Equity Shares of Rs 10 each , Rs 8 paid up	800000
Securities Premium	20000
Capital Redemption Reserve	70000
Profit & Loss A/c	200000
General Reserve	150000

The company purchased 20,000 equity shares at a premium of 10% out of reserves. The amount of call is duly received and buy back is carried out. The company incurred Rs 4000 on account of buy back expenses. Pass journal entries to record the above transactions.

(1 x 20 = 20 marks)

Q.5) On 1st April 2018, Mr. Gautam had the following assets and liabilities

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Bills Receivable	50,000	Land and building	1,40,000
Stock in trade	1,50,600	Bank overdraft (against stock)	10,000
Plant and Machinery	94,000	Sundry Creditors	72,000
Sundry Debtors	78,000	Bills Payable	32,000

Summarized cash transactions for the year ended 31st March 2019 are given below:

Receipts	Amount(Rs)	Payments	Amount(Rs)
To Balance b/d	1,400	By Bank overdraft (repaid on 1 st April 2009)	10,000
To receipts from debtors	5,80,000	By salaries	24,000
To bills receivables	2,00,000	By Bills payable	2,86,000
		By wages	31,600
		By payments to creditors	2,94,000
		By office expenses	16,000
		By drawings	90,000
		By balance c/d	
		In Hand 4,800	
		At Bank 25,000	29,800
	7,81,400		7,81,400

Gautam supplies the additional information for the year 2018-2019

Particulars	Amt (Rs)	Particulars	Amt(Rs)
Discount received	2,000	Bills receivables during the year	2,18,000
Discount allowed	4,000	Bills payable issued during the year	3,00,000
Sundry Creditors (31/3/19)	76,000	Stock in trade (31/03/19)	1,06,000
Sundry Debtors (31/03/19)	90,000		

All purchases and sales are entirely on credit. After depreciating the plant and machinery at 15% and land & building at 5%, Prepare: 1) Total Debtors account (2) Bills receivable A/c (3) Total Creditors Account (4) Bills Payable Account (5) Trading A/c and (6) Profit and loss A/c for the year ended 31st March 2019

(1 x 20 = 20 marks)

Q.6) Write short notes on:

- 1) Distinction between Single entry system and Double entry system.
- 2) Insurance Policy method of Depreciation
- 3) Pro-rata allotment of shares
- 4) Capital Redemption Reserve

(4 x 5 = 20 marks)