

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics Margao-Goa
F.Y.B.Com SEM I, Semester End Examination, October 2018
FINANCIAL ACCOUNTING - I

Duration: 02 Hrs

Max. Marks: 80

Instructions:

1. Figures to the right indicate maximum marks
2. Start each question on a fresh page
3. Question No 1 is compulsory
4. Answer any 3 questions from Q no. 2 to Q no. 6

1. Mr. Kevin maintains accounts under single entry system and provided the following information for the year ended 31st March 2017 and 2018.

<u>Particulars</u>	<u>31-3-2017</u>	<u>31-3-2018</u>
Bills Receivable	20,000	12,000
Stock	39500	44,000
Cash	19540	9815
Creditors	47000	41750
Bills Payable	17355	25255
Debtor	46805	41775
Furniture	10,000	10,000

The Cash Book for the year ended 31-03-2018 is as follows:

<u>RECEIPTS</u>	<u>AMOUNT (Rs.)</u>	<u>PAYMENTS</u>	<u>AMOUNT T (Rs.)</u>
To Balance b/d	19540	By Wages	4500
To Bills Receivable	21500	By Creditors	7125
To Sales	6000	By Bills Payable	15000
To Debtors	12,250	By Miscellaneous expenses	3500
To Miscellaneous income	150	By Drawings	7500
		By Investments purchased	5000
		By Salary	4000
		By Purchases	3000
		By Balance c/d	9815
	59440		59440

During the year ended 31st March 2018 discounts allowed and discounts received were Rs. 2000 and Rs. 1775 respectively. His bad debts were Rs. 2800 and Bills Receivable dishonoured were Rs. 1500.

Prepare the Trading and Profit & Loss A/c for the year ended 31-03-2018 and Balance sheet as on that date. (20 marks)

2. Mona Ltd. purchased on 1-1-2016 Machinery for Rs. 52,000. The scrap value was estimated at Rs. 2000. The Machinery was to be replaced at the end of 3 years. It was decided to make a provision for its replacement by means of a sinking fund. The investments were expected to yield interest at 3% p.a. According to the sinking fund tables Rs. 16,177 are to be invested annually. At the end of the third year, the investments realized Rs. 32,800. Prepare Machinery A/c, Sinking Fund A/c and Sinking Fund Investment A/c for the years ending 31st December 2016 to 2018. (20 marks)

3. Excellent Ltd. was registered with a nominal capital of 10,000 equity shares of Rs. 10 each. It offered 6000 shares to the public for subscription. However applications were received for 8000 shares. The directors rejected the application for 1000 shares and returned the money received there on. The application money received on the other 1000 shares was adjusted at allotment stage.

The amount payable on share was: On application -Rs. 2 per share, On allotment -Rs. 4 per share and balance on final call. One share holder holding 100 shares failed to pay the final call money and as a result his shares were forfeited. (20 marks)

4. Bora Ltd. had 10,000 equity shares of Rs. 10 each, 1,000 8% Preference of Rs. 100 each and Rs. 40,000 and Rs. 60,000 respectively in General Reserves and Profit & Loss Account. It also had Rs. 3000 in securities Premium Account. The company exercised its option to redeem the preference shares at 5% premium.

For this purpose 5,000 Rs. 10 equity shares were issued at 10% premium which was fully paid for. The company had Rs. 30,000 investments which were sold at Rs. 38000. All payments were made except to preference shareholders of 50 shares who could not be traced. The directors then issued bonus shares to the preference shareholders @ 2 for 3 held. Pass journal entries in the books of Bora Ltd. (20 marks)

5. Wipro Ltd furnishes the following Balance Sheet as at 31st March 2018. (20 marks)

Liabilities	Amt (in lakhs)	Assets	Amt (in lakhs)
Equity Capital @ Rs. 10	24000	Machinery	36000
Share Premium	3500	Furniture	4520
General Reserve	5300	Investments	1480
Capital Redemption Reserve	4000	Stock	12000
Profit & Loss A/c	3400	Debtors	5200
12% Debentures	15000	Cash at Bank	14800
Creditors	14900		
Other Current Liabilities	3900		
	74000		74000

On 1st April 2018 Wipro Ltd. announced Buyback of 25% of its equity share @ Rs. 15 per share. For this purpose it sold all Investments for Rs. 1500 lakhs. On 5th April 2018 Wipro Ltd. achieved its target of Buyback. Journalize the transactions.

6. Write short notes (Answer any four)

(4X 5Mks)

- a. Insurance method of depreciation
 - b. Procedure for issue of shares
 - c. Proceeds of fresh issue
 - d. Sources of buy back
 - e. Features of Single entry system
 - f. Objectives of providing depreciation
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