

Vidya Vikas Mandal's
Shree Damodar College of Commerce and Economics Margao-Goa
F.Y.B.Com Semester-I, Supplementary Examination, May/June 2019
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. Mrs. Chelsea is a sole trader who keeps her books under Single Entry System. The following is the information available: **[20 Marks]**

Particulars	31 st March 2017	31 st March 2018
Stock	2,62,000	3,00,000
S. Debtors	5,16,000	6,75,000
S. Creditors	1,68,750	1,27,500
Machinery	2,34,000	2,34,000

The Cash Book reveals the following information for the year ended 31-3-2018

Receipts	Amt (Rs.)	Payments	Amt (Rs.)
To Bal b/d	2,81,250	By Creditors	2,25,000
To Debtors	9,00,000	By Wages	45,000
To Sales	2,02,500	By General expenses	30,000
To Commission	13,500	By Salaries	4,20,000
		By Drawings	2,40,000
		By Bal c/d	4,37,250
	<u>13,97,250</u>		<u>13,97,250</u>

Mrs. Chelsea also informs about the following information:

- a. Provide reserve for doubtful debts @ 5% on debtors.
- b. Depreciate Machinery @ 10% p.a.
- c. Interest on capital is @ 5% p.a.

Prepare Trading and Profit & Loss Account and Balance Sheet for the year ended 31-3-2018.

2. True Gold Ltd. purchased machinery on 1-1-2014 for Rs. 3,00,000 and spent Rs. 60,000 for installation. The life of the machinery is four years and the estimated scrap value is 30,000. It is decided to provide for the replacement the machinery by taking up an insurance policy. The annual premium is Rs. 78,000 and the scrap value realized at the end of four years is Rs. 31,200.

Prepare Machinery Account, Sinking Fund Account and Insurance Policy Account for the four years ending 31st December 2014 to 2017. **(20 marks)**

3. Shalom Ltd. made an issue of 10,000 equity share of Rs. 15 each payable as follow:

On Application = Rs. 4

On Allotment = Rs. 7

On First & Final Call =Rs. 6

Mr. Damu holding 50 shares failed to pay the allotment and call money. Mr. Paro holding 80 share failed to pay the call money.

All these share were forfeited and subsequently re-issued to Mr. Vishal as full paid up at a discount of Rs. 3 per share.

Journalize the transactions.

(20 marks)

4. Bola Ltd. has 50,000 redeemable 12% Preference shares of Rs. 10 each fully paid. In order to redeem these shares, Bola Ltd. issued for cash 30,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share. The company on that date had a general reserve of Rs. 2,50,000. The company then declared bonus issue of 20,000 equity shares of Rs. 10 each to the existing equity shareholders out of the reserve created for redemption. Journalize the transactions.

(20 marks)

5. Tesla Ltd furnishes the following Balance Sheet as at 31st March 2018.

(20 marks)

Liabilities	Amt (in Crores)	Assets	Amt (in Crores)
Equity shares of Rs. 10 each	100	Fixed Assets	300
10% Preference shares of Rs. 100 each	150	Investments	240
Capital Reserve	100	Current Assets	590
Revenue Reserve	500		
Current Liabilities	280		
	1120		1120

The company purchased its own 200 lakh equity shares of Rs. 10 at Rs. 25 per share on 1st April 2018 out of free reserves. The company also redeemed preference shares on the same date. The payments for the above were made out of bank account which forms part of current assets. Journalize the transactions.

6. Write short notes (Answer any four)

(4X 5Marks)

- Sinking fund method of depreciation
- Allotment of shares
- Capital Redemption Reserve
- Sources of buy back
- Advantages of Single entry system
- Scrap value in depreciation accounting