

THE C.E.S. COLLEGE OF ARTS AND COMMERCE, CUNCOLIM, SALCETE, GOA.

F.Y.B.COM. I SEMESTER END EXAMINATION

FINANCIAL ACCOUNTING

PAPER CODE: CC2

TIME: 10 A.M. to 12 P.M

DURATION: 2 HOURS

DATE: 26/10/2019

MAXIMUM MARKS: 80

Instructions: 1) Question no. 1 is compulsory.

2) Answer any three from remaining Q.no.2 to Q. no.6

3) Figures to the right indicate marks allotted.

Q.1) Star Ltd. issued 50,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as under: (20 marks)

on Application: Rs.2 per share

on Allotment: Rs. 5 per share (including premium)

on Share first call: Rs. 3.00 per share

on Share final call: Rs. 2.00 per share.

Applications were received for 40,000 shares which were duly allotted and money was received in full except the final call on 5,00 shares held by one shareholder. These shares were forfeited and re - issued for Rs.7 per share. You are required to show necessary journal entries in the books of Star Ltd., to record the above transactions.

Q.2. In the books of AB company, the book value of Machinery account on 1st January, 2016 was Rs. 3,00,000. New Machinery for Rs. 10,000 was purchased on 1st October 2016 and for Rs.20,000 on 1st July, 2017. On 1st April, 2018 a Machinery whose book value had been Rs.30,000 1st January ,2016 was sold for Rs.17,000 and the entire amount was credited to Machinery account. Depreciation had been charged at the rate of 10% p.a. on straight line method. It was decided by the directors of the company on 31st December 2018 that depreciation at 20% p. a. on diminishing balance method (written down value) should be charged with retrospective effect 1st January ,2016 to 31st December,2018. Prepare machinery account from the year 2016 to 2018.

(20marks)

Q.3. The following is the summary of assets and liabilities of Alfa Ltd., as on 31st March 2018. (20 marks)

Liabilities	Rs.	Assets	Rs.
Issued and Subscribed capital 39000, Equity Shares of Rs.10 each	3,90,000	Fixed Assets	5,70,000
16,000, 6%, Redeemable preference Shares of 10 each fully paid	1,60,000	Investment	1,20,000
Reserves and Surplus		Current Assets	1,22,000
General reserve	2,00,000	Cash and Bank balances	2,00,000
Profit and Loss account	1,70,000		
Current Liabilities			
Creditors	92,000		
	10,12,000		10,12,000

preference shares were redeemed on 1st April, 2018 at a premium of Rs.2 per share. The company issued 10,000 equity shares of 10 each at a premium of Rs.2 per share for redemption. The company also sold all the investments for Rs.1,30,000. Draw up Journal entries to record the above transactions in the books of Alfa Ltd., and show the balance sheet as it would appear after such transactions were completed.

Q.4. On 1st January 2016, a trader purchased a Lease for 3 years for Rs. 1,00,000. (20 marks)

It was decided to make a provision for replacement of the Lease by creating of a Sinking Fund. It is expected that investment will fetch interest at 5%. The Sinking Fund tables shows that Re.0.317208 at 5% p.a. in 3 years will accumulate Rs.1. At the end of 3rd year investment realized Rs. 72,000.

Prepare the following accounts for three years ended on 31st December, 2018:

i) Lease account ii) Sinking fund account. iii) Sinking fund investment account.

Q. 5 A) Neeta Ltd. resolved to buyback 40,000 of its fully paid up equity shares of Rs.10 each at Rs. 12 per share. For the purpose, it issued 2,000, 12% preference shares of Rs. 100 each at par, the total sum being payable with applications. The company uses Rs.1,20,000 of its balance in security premium account apart from its adequate balance in General reserve account to fulfil the legal requirement regarding buy - back of share. The expenses incurred on buyback amounted to Rs.8200. Pass journal entries for all transactions involving in the buy -back. (14 marks)

B) What is buyback of shares? State the conditions of buyback of shares. (06 marks)

Q.6 Mr. Saurabh keeps his books of accounts on the single entry system. Following information is available from her records: (20 marks)

Assets and Liabilities

	1 st April 2017	31 st March 2018
	Rs.	Rs.
Sundry debtors	4,884	5,580
Sundry creditors	2,580	2,772
Outstanding rent	—	750
Sundry expenses unpaid	360	450
Stock balance	6,480	7,395
Machinery	13,500	15,150

Summary of Cash Transactions during the year:

Receipts	Rs	Payments	Rs.
Opening Balance	780	Insurance	750
Received from Debtors	24,486	Payment to creditors	51,048
Cash sales	49,974	Wages	8,000
Loan from Mr. Ashok	3,000	Rent	2,250
		Sundry expenses	4,878
		New Machinery	3,000
		Personal drawings	6,240
		Close balance of cash	2,074
Total	78,240	Total	78,240

Further details that noticed were:

- Discount of Rs.945 had been allowed to debtors and discount of Rs.1962 had been received from creditors.
- Total bad debts amounted to Rs.1260.
- Wages outstanding Rs. 800.

You are required to prepare Trading Account, and Profit and Loss Account for the year ended 31st March ,2018 and Balance sheet as on that date.

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