

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS
PONDA - GOA**

B.Com. CBCS (SEMESTER-I) EXAMINATION, OCTOBER 2019

FINANCIAL ACCOUNTING

Duration: 2 Hour

Marks: 80

INSTRUCTIONS:

1. Q. No. 1 is compulsory.
2. Answer any THREE questions from Q. No. 2 to Q. No. 6.
3. Figures to the right indicate full marks.
4. Working notes should form a part of the answer wherever necessary.

(20)

Q. 1. Sun Ltd. issued 20000 equity shares of ₹100 each at a premium of ₹10 per share. The share amount was payable as under:

On Application: ₹ 20

On Allotment: ₹ 40 (including premium of ₹ 10)

On First call: ₹ 30

On Final call: ₹ 20

Applications were received for 30000 shares. The shares were allotted as under:

To the applicants of 15000 shares: Full

To the applicants of 10000 shares: 5000 shares

To the applicants of 5000 shares: Nil

The application money on the totally rejected applications was refunded. The excess application money received from applicants, to whom partial allotment was made, was retained by the company and was adjusted against money due on allotment and the calls. The directors made all the calls. All the call money was received except the first and final call on 1000 shares. These shares were duly forfeited.

Pass necessary journal entries.

(20)

Q. 2. Moon Ltd. purchased a four years lease on October 1, 2015 for ₹ 10,00,000. It is decided to provide for the renewal of the lease at the end of the four years by setting up a depreciation fund. It is expected that investments will fetch interest at 10% per annum. Sinking Fund table shows that the 0.2154708 invested each year will produce ₹ 1 at the end of four years at 10% per annum. On September 30, 2019, the depreciation fund investments are sold for ₹ 7,20,000.

Prepare necessary ledger accounts.

(20)

Q. 3. Miss Reena keeps her books on Single Entry System. From the following information provided by her, prepare a Trading and Profit & Loss Account for the year ended 31st March 2019 and a Balance Sheet as on that date.

Particulars	31.3.2018 ₹	31.3.2019 ₹
Furniture	10000	12000
Stock-in-trade	6000	2000
Sundry debtors	12000	14000
Prepaid Expenses	-	400
Sundry Creditors	4000	?
Unpaid Expenses	1200	2000
Cash	2200	600

Particulars	₹
Receipts from Debtors	42000
Paid to Creditors	20000
Carriage inward	4000
Drawings	12000
Sundry Expenses	14000
Furniture Purchased	2000

Other Information:

Credit purchases during the year amounted to ₹ 23000. Provide a provision for doubtful debts to the extent of 10% on debtors.

(20)

Q. 4. Star Ltd decided to redeem preference shares as on 30th September 2019, on which date their financial position was as under:

Liabilities	₹	Assets	₹
Share Capital		Fixed Assets	860000
4000 Equity Shares of ₹100 each	400000	Current Assets	140000
4000 Redeemable Preference Shares of ₹ 50 each ₹ 25 per share paid up	100000		
2000 Redeemable Preference Shares of ₹100 each fully paid	200000		
Reserves and Surplus			
Securities Premium	20000		
Capital Reserve	80000		
Dividend Equalisation Reserve	110000		
Current Liabilities			
Creditors	90000		
	1000000		1000000

Additional information:

The redemption was at a premium of 5%. To enable redemption to be carried out the company issued sufficient number of equity shares at par. The redemption is duly carried out. Pass necessary journal entries and show the financial position of the company after redemption of shares.

(10)

Q. 5. (a) Miss Meena purchased machinery for ₹ 300000 on 1st January 2015 and followed the straight line method of depreciation. Depreciation was charged at 15% p. a. At the end of the year 2018 it was decided to change the method and follow written down value method of charging depreciation with retrospective effect. The rate of depreciation remaining the same. The unabsorbed depreciation to be adjusted in the year 2018.

Prepare machinery account for the year ending 31st December 2015, 2016, 2017 and 2018.

(10)

Q. 5. (b) Following are the balances of Mars Ltd. as on 30th September 2019

Liabilities	₹	Assets	₹
Share Capital		Fixed Assets	4400000
Equity share Capital (Shares of ₹10 each)	1000000	Investments	800000
Reserves and Surplus		Current Assets	2200000
General Reserve	800000		
Profit & Loss balance	300000		
Securities Premium	200000		
Revaluation Reserve	260000		
Export Profit Reserves	400000		
Capital Redemption Reserve	360000		
Investment Allowance Reserve	140000		
Share Forfeiture Account	100000		
Long Term Loans			
Bank Loan	340000		
12% Debentures	3500000		
	7400000		7400000

You are required to calculate as per law the maximum possible buyback of equity shares of the company at ₹ 50 per share.

Q. 6. Write short notes on (any four)

(20)

- i. Divisible Profits
- ii. Capital Redemption Reserve
- iii. Limitations of Single Entry System
- iv. Book Building Process
- v. Forfeiture of shares
- vi. Redeemable Preference Shares
