

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURKAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA – GOA
B. COM. CBCS (SEMESTER – I) SUPPLEMENTARY EXAMINATION
MAY/JUNE 2018
FINANCIAL ACCOUNTING (PAPER – I)**

Duration: 2 Hours

Marks: 80

Instructions: 1) *Question No. 1 is compulsory.*

2) *Answer any three questions from Q. No. 2 to Q. No. 6.*

3) *Figures to the right indicate maximum marks allotted to each question.*

4) *Give working notes wherever necessary.*

Q.1) Miss. Pratiksha carries on a stationery business. She does not maintain her books of account under the double entry system. The following information has been extracted from her books: (20)

Assets and Liabilities	1 st April, 2016	31 st March, 2017
Cash in hand	400	800
Cash at bank	6,250	7,000 cr.
Debtors	8,000	25,500
Stock	22,000	19,500
Creditors	12,500	10,000
Plant and Machinery	25,000	25,000

Cash transactions during the year were; Cash sales – ` 31,250,

Cash purchases – ` 28,850, Payment to Creditors – ` 1,32,000, received from Debtors – ` 1,60,000, General expenses – ` 21,450,

Wages - `15,000 and Drawings ` 6,800.

Miss. Pratiksha had taken goods from the business for her own consumption of ` 1,950 during the year and not paid any money in to the business for them.

Provide 5% depreciation on plant and machinery.

Prepare Trading and Profit and Loss A/c for the year and the Balance Sheet as on 31st March, 2017.

Q.2) ABC Ltd. purchased a lease for ` 40,300 for a period of 4 years on 1st Jan. 2013. It is decided to replace the lease by sinking fund method. The sinking fund table shows that rupee 0.235484 must be invested every year to provide the required amount. It is expected that the investment would yield an interest at 4% p.a. At the end of the fourth year, the investment was sold for ` 30,000. Prepare 1) Lease A/c, 2) Sinking Fund A/c and 3) Sinking Fund Investment A/c for four years. (20)

Q.3) Kestle India Ltd. issued a prospectus inviting the applications for 10,00,000 equity shares of `10 each on 1st April, 2016. The amount being payable as ` 2.50 with application, ` 3.50 on allotment, ` 2.50 on first call (which is made three months after allotment) and ` 1.50 on final call. Every application had to be made for a minimum of 500 shares. The prospectus also said that the surplus application money, if any, remaining after appropriation towards allotment will be adjusted with the first call.

Subscriptions totaled 25,00,500 shares on 1st May, 2016. The Board of Directors rejected one application for 500 shares on technical grounds and accepted all other applications. The allotment being made on a pro – rata basis. One shareholder who had applied for 1000 shares and to whom 400 shares had been allotted paid the final call two months late along with interest at 5% for late payment. All other money were received in time. Pass the journal entries for the above transactions. (20)

Q.4) ABC Ltd. has 40, 000 10% redeemable preference shares of `100 each. The Company decides to redeem the shares at a premium of 8% on 31st March, 2017. For the purpose, the company issues 1,00,000 equity shares of ` 10 each at a premium of 10%. The issue was fully subscribed and all the amounts were received. The company has sufficient balance in the P & L A/c of ` 40,00,000. The Redemption of shares was duly carried out. From the above particulars, pass journal Entries and prepare Share Premium A/c, P & L A/c and Bank A/c. (20)

Q.5.a) Mr. Raj purchased an asset costing ` 60,000 on 1st January, 2014. The Estimated life and estimated scrap value of the asset were 3 years and ` 7,500 respectively. An insurance policy was taken with an annual premium of ` 16,500 for the replacement of the asset. The actual scrap value realized at the end of the life of the asset is ` 7,000. Prepare Asset A/c, Insurance Policy Fund A/c and Insurance Policy Fund Investment A/c for three years. (10)

Q.5. b) The board of directors of Rahul Industries Ltd. resolved to buyback 1,50,000 fully paid equity shares of ` 10 each. The company for the purpose issued 5, 000 13% preference shares of ` 100 each at par. The total amount being payable along with application. The company uses ` 4,25,000 from Securities Premium Account and the balance from the General Reserve Account. Journalize the above buyback transactions. (10)

Q.6) Write short note on **any four** of the following: (20)

- a) Statement of affairs method.
- b) Fixed installment method.
- c) Pro-rata allotment.
- d) Preference shares.
- e) Capital redemption reserve.

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