

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. CHOICE BASED CREDIT SYSTEM (SEMESTER-I)
EXAMINATION, OCTOBER 2018
FINANCIAL ACCOUNTING**

Time: 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) All working notes shall carry marks.

Q.No.1) (20)

X Ltd. acquires a Machine with a life of five years for ` 40000 on 01.01.2012. It is expected that investments through sinking fund will fetch an interest @5 % p.a. Sinking fund table shows that ` 0.180975 invested each year will produce ` 1 at the end of 5 years at an interest of 5% p.a. At the expiry of five years the machine was sold as a scrap at ` 3000 and the depreciation fund investments are sold for ` 31200. You are required to prepare

- i) Machine A/c ii) Depreciation Fund A/c iii) Depreciation Fund Investment A/c.

IF INVESTMENTS ARE MADE IN MULTIPLES OF 100

Q.No.2) (20)

Sunlight ltd is registered with a nominal capital of 15,000 shares of ` 100 each. It issued to the public 15000 shares at a premium of ` 20. The applications were received for 20000 shares. The directors decided to allot

To the applicants for 2000 shares – Nil

To the applicants for 18000 shares -- 15000 shares (Pro-rata)

The share money was payable as follows:

On Application -- ` 20

On Allotment -- ` 50 (includes premium)

On first and final call-- ` 50

Extra money received on application to be adjusted towards Allotment. All calls were made and all money was received except Mr. Rajesh holding 200 shares on pro rata failed to pay allotment and call money. These shares were forfeited and then 150 shares were reissued at ` 85 to Ms. Rima. You are required to pass the necessary journal entries and also prepare an abstract of Balance sheet.

Q.No.3) (20)

Mr. Sonu Singh carries on a small business but does not maintain books as per double entry system. Following information is gathered from his records.

Particulars	As on 31-03-2014	As on 31-03-2015
Furniture	15,000	15,500
Debtors	7,500	12,250
Stock	12,500	6,250
Creditors	5,050	4,800
Bank	1,250	?

Additional information includes;

Cash Receipts from Debtors – ` 35,250

Cash sales – ` 8,250

Additional capital - ` 5,000

Furniture purchased – ` 1,250

Drawings - ` 3,000

Wages – ` 13,450

Salaries – ` 2,650

Rent – ` 2,400

Sundry expenses – ` 5,200

Paid to creditors – ` 15,250

Reserve for doubtful debts - ` 250

Prepare Trading and Profit and Loss Account for the year ended 31-03-2015 and balance sheet on that date.

Q.No.4)

(20)

Given below are the assets and liabilities of OMG Ltd. as on 31-03-2017.

Liabilities	Amt	Assets	Amt
7000 equity shares of ` 100 each	7,00,000	Fixed assets (Including motor vehicle ` 3,50,000)	11,50,000
8 % redeemable Preference shares of ` 100 each	3,00,000	Bank	2,00,000
General Reserve	1,50,000		
P & L A/c	90,000		
Current liabilities	1,10,000		
	13,50,000		13,50,000

Additional information:

1. It was decided to redeem the preference shares at a premium of 12%
2. The company sold the motor vehicle at a loss of ` 20,000.
3. 3000 equity shares were issued at par for the purpose of redemption.
4. The company incurred expenses of ` 3000 on issue of shares.

You are required to pass the necessary journal entries and prepare its balance sheet after redemption of preference shares.

Q.No.5A)

(10)

Ajanta Ltd. Started a business on 1-1-2012 on which date they purchased a machinery at ` 3,50,000. Another machinery on 1-4- 2012 for ` 2,00,000. The company followed straight line method of charging depreciation @ 10 % p.a. however the company decided to change the method to Written Down Value method@ 10% p.a. in the year 2015 with retrospective effect. Prepare Machinery A/c for the years ending 31st December 2012, 2013, 2014, 2015 and show the effect of change in method in the year 2015.

Q.No.5B)

(10)

ABC Ltd . decided to buy 1,20,000 of its fully paid equity shares of ` 10 each at ` 12 per share. For the purpose it issued 4000 13 % preference shares at ` 100 each at par the total sum payable with application. The company uses 3,40,000 of its balance from securities premium account apart from its adequate balance from general reserve to fulfill the legal requirements regarding buy back.

Pass necessary journal entries for Buy back.

Q.No.6)Write short notes on

(4 x 5 =20)

- a. AS-6
- b. Sources of payment for redemption of preference shares
- c. Pro rata allotment
- d. Distinction between single entry system and Double entry system