

SARASWAT VIDYALAYA'S
SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES
KHORLIM, MAPUSA-GOA.

B.COM FIRST SEMESTER END EXAMINATION OCTOBER, 2018

W.E.F - 2017-18 (CBCS) (Hon./Gen.)

DURATION:-2 Hours

CC 2: FINANCIAL ACCOUNTING

MAX MARKS:-80

Instructions: 1. Question No. 1 is compulsory

2. Answer ANY THREE from Question No. 2 to Question No. 6

3. Figures to the right indicate full marks

Q.1] Puranik Company Limited issued 20,000 Equity shares of ₹ 100 each at ₹ 120 each payable as under:

On Application ₹ 25 per share

On Allotment ₹ 45 per share (Including Premium)

On Final Call ₹ 50 per share

Application were received for 18,000 shares which were duly allotted. All money was duly received except the final call were not received of 1,500 shares held by Mr. Prasad. These shares were forfeited by the directors after a due notice. Of the forfeited shares, 1,000 shares were re-issued at ₹ 80 per share. Show Journal entries in the books of Puranik Company Limited. (20)

Q.2] The following is the summarized Balance sheet of Raunak Limited as on 31st March 2017

Liabilities	Amount(₹)	Assets	Amount(₹)
10,000, 8% Redeemable Pref. Shares of ₹ 100 each	10,00,000	Fixed assets	25,00,000
3,00,000 Equity Shares of ₹ 10 each	30,00,000	Cash and Bank	34,00,000
Profit & Loss A/c	6,10,000		
Capital Reserve	40,000		
Current Liabilities	12,50,000		
	<u>59,00,000</u>		<u>59,00,000</u>

The condition of issue of the redeemable preference shares provided for being redeemed on 15th April 2017 at a premium of ₹ 5 per share. The profits available being not sufficient to redeem the whole issue, the company issued 50,000 Equity shares of ₹ 10 each at par. The directors issued bonus shares to Equity shareholders at the rate of 1 new share for every 10 shares held including fresh issue. Draw up journal entries to record the above transaction in the books of Raunak Limited and only show relevant items as it would appear in Balance sheet as per revised schedule III of Companies Act. (20)

Q.3) Mr. Rajaram supplies you the following information

Particulars	1 st April 2016	31 st March 2017
Sundry Debtors	90,000	1,05,000
Stock	75,000	85,000
Sundry Creditors	55,000	60,000
Furniture	20,000	20,000
Machinery	1,75,000	?
Cash Balance	5,000	30,000

The following is the cash book transactions for the year.

Receipts	Amount(₹)	Payments	Amount(₹)
To Balance b/d	5,000	By Creditors	1,75,000
To Cash Sales	55,000	By Wages	80,000
To Debtors	3,90,000	By Salaries	1,05,000
To Loan from raj @ 10% p.a. on 1/10/2016	50,000	By Machinery purchased on 1/10/2016	50,000
		By Drawings	60,000
		By Balance c/d	30,000
	<u>5,00,000</u>		<u>5,00,000</u>

Discount allowed were ₹ 10,000, Discount received were ₹ 5,000. Depreciation is to be provided on machinery @ 10% p.a. wages outstanding were ₹ 7,500.

You are required to prepare Trading and Profit & loss account and Balance sheet for the year ending 31st March 2017. (2)

Q.4) Machinery is purchased by Agnika Limited on 1st July 2014 for ₹ 50,000. The machinery is to be replaced at the end of 3rd year for which purpose a sinking fund is raised. It is expected that securities will earn 5% interest. Sinking fund table shows that amount for ₹ 1 for 3 years at 5% interest is ₹ 0.317209. Agnika Limited closes its books on 30th June every year. At the end of 3rd year, securities realized @ 15% profit on cost. Compute the values to the nearest rupee.

Show Machinery Account, Sinking Fund Account and Sinking Fund Investment Account. (20)

Q.5 (A) A second hand machine was purchased on 1st January 2014 for ₹ 4,00,000 and spent ₹ 1,00,000 for its installation. On 1st July 2014 another machine was purchased for ₹ 2,00,000. On 1st January 2016 the machine purchased on 1st January 2014 was sold for ₹ 2,50,000. The company adopted calendar year as its financial year and hence it closes its books on 31st December every year. The company provides 10% p.a. depreciation on original cost. However on 31st December 2016 the company changed the method of depreciation to diminishing balance method @ 15% p.a. Show machinery account for year 2014, 2015 and 2016. (10)

(B) Write short notes on the following methods of depreciation: (2 x 5 = 10)

1. Machine Hour Rate Method.
2. Revaluation Method.

Q.6 (A) Vedanta Limited decided to buy back 1,70,000 equity shares of ₹ 10 each at ₹ 15 per share. Profits of the company are sufficient for the purpose of buy back of equity shares. Hence, no fresh issue was made for the purpose of buy back of equity shares. The company has ₹ 2,00,000 in its securities premium and ₹ 24,00,000 in general reserve. Pass the necessary journal entries for all the transactions involved in the buy back in the books of Vedanta Limited. (10)

(B) Briefly mention conditions and limits of buy- back. (10)