

Saraswat Vidyalaya's
Sridora Caculo College of Commerce and Management Studies
Khorlim, Mapusa- Goa

F.Y.B.COM Semester End Examination, Semester I (CBCS w.e.f. 2017-18), October 2017

Duration: 2 hours

CC 2 : Financial Accounting

Maximum 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) A Three years Lease has been acquired on 1st January 2012 for ₹ 50,000 and it has been decided to provide for its annual amortization (depreciation) as also for its renewal at the expiry of the term on the Sinking Fund System. A reference to the Sinking Fund table shows that the annual amount to be provided for on the basis of 5% interest works out at ₹ 9050 annually.

Show Lease Account, Sinking Fund Account and Sinking Fund Investment Account for Three years. It should be presumed that at the end of Third year the investments are sold at 5% profit on cost. **(20)**

Q.2) The following is the Balance sheet of Dynamic Metal Trading Co. Ltd as on 31st March 2016

Liabilities	Amount(₹)	Assets	Amount(₹)
10% Pref. Shares of ₹ 100 each fully paid	2,00,000	Sundry assets	7,00,000
Equity Shares of ₹ 100 each fully paid	3,00,000	Bank balance	1,70,000
Capital reserve	30,000		
General reserve	1,40,000		
Profit & loss account	70,000		
Creditors	1,30,000		
	<u>8,70,000</u>		<u>8,70,000</u>

Preference shares are redeemed at a premium of 20% on 1st April 2016. The directors decided to effect The redemption partly out of proceeds of fresh issue of 1000 equity shares @ ₹ 110 per share and partly out of the profits of the company.

The shares were redeemed duly and the directors issued one fully paid bonus share to the holders of every four shares (including those of new issue) out of the Capital Redemption Reserve Account.

Pass the necessary journal entries in the books of the company to give effect to the above and prepare the Balance sheet as it would appear after all the above transaction have been completed as on 1st April 2016 . **(20)**

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Q.3) Mr. Harish carries on a grossery business and does not keep his books under double entry system. The following particulars have been extracted from his books

Particulars	1st July 2015	30th June 2016
Plant & machinery	25,000	25,000
Stock	22,000	19,500
Sundry debtors	8,000	25,500
Sundry creditors	12,500	10,000
Cash in hand	400	800
Bank balance	6,250	7000 (Bank O/D)

The following transactions took place during the year ending 30th June 2016

Particulars	Amount(₹)
Received on account of cash sales	31,250
Received from sundry debtors	1,60,000
Payment for purchases	28,850
Payment to sundry creditors	1,32,000
General expenses of business	21,450
Wages	15,000
Drawings	6,800

During the year Harish had withdrawn goods from the business for his own consumption which amounted to ₹ 1950 and not paid any money into the business for them. Charge 10% depreciation on plant & machinery.

You are required to prepare Trading and Profit & loss account and Balance sheet for the year ending 30 June 2016

Q.4) Jupiter Co Ltd issued 10,000 equity shares of ₹ 100 each at a premium of ₹ 25. The amount payable is as follows:

On application ₹ 20,

On allotment ₹ 55 (Including premium)

On first call ₹ 20

On second call ₹ 30

Applications Received for 12,500 Shares. The directors decided to reject 2,500 shares. All calls were made and amount was duly received except on 220 shares Mr. Dessai failed to pay the Second call money due.

Pass necessary Journal entries in the books of Jupiter Co. Ltd

entry system

Q.5 (A) A company purchased a second hand machine on 1st January 2011 for ₹ 37,000 and immediately spent ₹ 2000 on its repairs and ₹ 1000 on its erection . On 1st July 2012 it purchased another machinery for ₹ 10,000 and on 1st July 2013 it sold off the first machine for ₹ 28,000 and bought another machine for ₹ 25,000 . On 1st July 2014 the second machine was also sold off for ₹ 2000. Depreciation was provided on Machinery at the rate of 10% p.a on the original cost method annually on 31st December . In 2012, however the company changed the method of depreciation and adopted the written down value method , the rate being 15% p.a .

Give Machinery account for four years commencing from acquisition of the first machine . Compute amount to the nearest rupee. (10)

(B) Write short notes on the following methods of depreciation:

(2 x 5 = 10)

1. Depletion Method.
2. Sum of Digit Method.

Q.5 (A) Kaveri Limited resolved to buy back 3,00,000 fully paid equity shares of ₹ 10 each at ₹ 12 per share. For the purpose, it issued 10,000, 13% preference shares of ₹ 100 each at par, the total sum being payable with applications .

The company uses ₹ 8,50,000 of its balance in the securities premium account apart from its adequate balance in General Reserve account ₹ 25,00,000 to fulfill the legal requirements regarding the buy back .

Pass the necessary entries for all the transactions involved in the buy back.

(10)

(B) What is "Buy back of shares "? Briefly mention the guidelines of SEBI with regard to the Buy- back process. (10)