

**S.V.'s SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT
STUDIES**

Telang Nagar, Khorlim, Mapusa-Goa.

F. Y.B.COM FIRST SEMESTER END EXAMINATION, JANUARY, 2022

W.E.F- 2017-18 (C.B.C.S)

Duration: 2 Hours

Max Marks: 80

FINANCIAL ACCOUNTING

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 Nital Ltd. is incorporated with an authorised capital of Rs. 2,00,000 divided into 20,000 shares of Rs. 10 each. The company issued 10,000 shares of Rs. 10 each payable as under:

On Application --Rs.2

On Allotment --- Rs. 3

On First Call ---- Rs.2

On Final Call -- Rs. 3

Applications are received for 15,000 shares. The directors decided to allot the shares as follows:

To the applicants for 10,000 shares----full

Applications for 5,000 shares were rejected and the application money on these shares were returned back to the applicants.

The directors made all the final calls. All the moneys due on shares were duly received except the final call money on 500 shares.

These shares were forfeited by the directors and were re-issued as fully paid at Rs. 6 each.

Pass journal entries in the books of the company. (20)

Q. 2 Mr. Radhakrishna supplies you the following information:

Particulars	As on 1.04.2019-Rs.	As on 31.03.2020-Rs.
Sundry Debtors	90,000	1,05,000
Stock	75,000	85,000
Sundry Creditors	55,000	77,500
Machinery	1,95,000	?

Summary of Cash & Bank transactions for the year 2019-20:

Receipts	Amount-Rs.	Payments	Amount-Rs.
Opening Balance	5000	Creditors	1,75,000
Cash Sales	55,000	Wages	70,000
Received from Debtors	2,70,000	Expenses	30,000
		Salaries	50,000
Loan from Komal	<u>25,000</u>	Closing Balance	<u>30,000</u>
Total	<u>3,55,000</u>	Total	<u>3,55,000</u>

Discount allowed were Rs.1, 000 and discount received Rs. 1,000. Depreciation to be provided on machinery is @ 10% p.a.

Outstanding wages Rs. 7500.

Prepare Trading and Profit & Loss Account of Mr. Radhakrishna for the year ended 31st March, 2020 and Balance Sheet on that date. (20)

Q. 3 The following is the Balance sheet of Amrutlal Ltd. as at 31st March 2018

Liabilities	Amount Rs.	Assets	Amount Rs.
<u>Authorised capital</u>		Fixed Assets	4,00,000
7,000 Equity shares of Rs 100 each	7,00,000	Other Current assets	1,43,000
2,000 6% Redeemable Preference Shares of Rs 100 each	<u>2,00,000</u>	Cash & Bank	1,80,000
	<u>9,00,000</u>		
<u>Issued capital</u>			
2,000 Equity shares of Rs 100 each	2,00,000		
2,000 6% Redeemable Preference Shares of Rs 100 each	2,00,000		
<u>Reserves & Surplus</u>			
Securities premium	40,000		
General Reserve	1,05,000		
Profit & Loss A/c	20,000		
<u>Current Liabilities</u>			
Sundry Creditors	1,58,000		
Total	<u>7,23,000</u>	Total	<u>7,23,000</u>

The directors decided to redeem the preference shares on 1st April 2018 at a premium of 10%. The company Issued 950 equity shares of Rs 100 each at par

for the purpose of redemption of preference shares. Remaining preference shares were redeemed out of the profits of the company.

Draw up journal entries to record the above transaction in the books of Amrutlal Ltd. and show the balance sheet of the Company after redemption. (20)

Q. 4 Honesty Limited purchased a machinery at a cost of Rs. 52,000 on 1-4-2016 and incurred Rs. 10,000 towards installation charges. It was estimated by the technicians that the life of the machine will be 4 years at the end of which it will have a residual value of Rs. 5,000.

The company took an insurance policy on 1st April for a sum of Rs. 50,000 at an yearly premium of Rs. 13,000. The scrap value at the end of the 4th year realised Rs. 5,200.

Prepare Machinery account, Depreciation Fund account and Depreciation Insurance Policy account. (20)

Q. 5 A) Write short notes on any two of the following: (10)

- a. Sum of the digits method
- b. Machine hour rate method
- c. Depletion method

Q. 5 B) On 1st April, 2017, Machinery A and B were purchased by Yash Ltd. for Rs. 3,60,000 and Rs. 1,20,000 respectively. The company incurred Rs. 20,000 for installation of the machineries. Depreciation is provided @ 10% per annum under Straight Line Method up to 31/03/2020.

The second Machinery B was sold on 31-03-2020 for Rs. 70,000.

With effect from 1st April, 2020, the company decided to change the method of depreciation to Diminishing Balance method @ 20% p.a.

Prepare Machinery account for four years from 2017-18, 2018-19 and 2020-21 with prospective effect. (10)

Q. 6 A) What is Buyback of shares? State any five points of difference between Buyback of shares and Redemption of preference shares. (10)

B) What are the conditions and limits of Buyback of shares? (10)