

**GOVERNMENT COLLEGE OF COMMERCE & ECONOMICS, BORDA,
MARGAO- GOA.**

CC 2: FINANCIAL ACCOUNTING

Time: 2 Hours



- Instruction:**
- Question No. 1 is compulsory
 - Answer any 3 questions from Q. No. II to Q. No. VI
 - Figures to the right indicate full marks allotted.
 - Show important working notes as fair work.
 - Students are allowed to use only Non- Programmable and Non-Scientific Calculators.

Q.I. "PK Limited" purchased Machinery on 1/1/2012 for Rs. 50,000.

- It decided to provide replacement of the Machinery at the end of fourth year by setting up a Sinking Fund.
- It is expected that investment will fetch interest at 3%.
- Sinking Fund table shows that to provide a requisite sum of 3% at the end of fourth year, an investment of Rs 3,500 is required every year.
- On 31/12/15, the investments are sold for Rs.33,000.
- Investments are made in nearest rupee.

Prepare: 1) Machinery Account for 2012, 2013, 2014, 2015.

2) Sinking Fund Account for 2012, 2013, 2014, 2015.

3) Sinking Fund Investment Account for 2012, 2013, 2014, 2015.

(20 marks)

Q.II. Rakesh commenced business as a cloth merchant on 1st January 2016 with a capital of Rs. 2,00,000. On the same day, he purchased Furniture & Fittings for cash Rs. 60,000. The following particulars are obtained from his books kept by single entry:

Particulars	Amount (Rs.)
Sales (inclusive of cash Rs. 1,40,000)	3,40,000
Purchases (inclusive of cash Rs. 80,000)	3,00,000
Rakesh's drawings	24,000
Salaries	40,000
Bad debts written off	10,000
Business expenses	14,000

Rakesh took cloth worth Rs. 10,000 from the shop for private use and paid Rs. 4,000 to his son, but omitted to record these transactions in his books.

On 31/12/2016 his Sundry Debtors were Rs. 1,04,000 and Sundry Creditors Rs. 72,000.

Stock in hand on 31st December 2016 was Rs.1,30,000.

Prepare: Trading and Profit & Loss account for the year ending 31st December, 2016 and a Balance Sheet on that date.

✓.... Burger Limited issued 20,000 equity shares of Rs. 10 each payable as under:
On Application Rs.3/-, on Allotment Rs. 3/-, on First call Rs. 2/- and on Final call Rs.2/-.

Applications were received for 25,000 equity shares. Letters of regret were issued to applicants for 5,000 shares. Company made all the calls.

Mr. Raj holder of 150 shares failed to pay the Final call money; on his failure to pay the call all his shares were forfeited. All the forfeited shares were reissued at Rs. 8/- per share.

Pass necessary journal entries in the books of Burger Limited and also prepare Bank A/c.

(20 marks)

Q.IV. Following is the balance sheet of Delta Ltd.

Balance Sheet as on 31-March 2016

Liabilities	Amount	Assets	Amount
Share capital:		Fixed Assets	
Authorised			
12,00,000 Equity Shares of Rs. 10 each	1,20,00,000	Building	40,00,000
Issued		Plant and Machinery	40,00,000
10,00,000 Equity Shares of Rs.10, Rs 8 paid up	80,00,000	Furniture	22,00,000
Reserves		Investment	25,00,000
Revenue reserve	20,00,000	Current Assets	
Profit and Loss Account	40,00,000	Debtors	43,00,000
Securities Premium	30,00,000	Bills receivable	10,00,000
Secured loans		Bank balance	40,00,000
11% Debentures	30,00,000	Stock	20,00,000
Unsecured loans			
Bank loan	10,00,000		
Current liabilities			
Creditors	25,00,000		
Bills payable	5,00,000		
	<u>2,40,00,000</u>		<u>2,40,00,000</u>

The company decides to buy back the maximum number of equity share as may be permitted as a price of Rs. 15 per share.

Pass Journal Entries and prepare Balance Sheet after Buyback.

Q.V. The following is the Balance Sheet of SP Company Limited as on 31st March 2016:

<u>Liabilities</u>	<u>Amount</u>	<u>Assets</u>	<u>Amount</u>
2,000 equity shares of Rs. 100 each	2,00,000	Fixed Assets	6,50,000
7% Cumulative Preference shares of Rs. 100 each	3,00,000	Bank	2,20,000
Share Premium	20,000		
General Reserve	1,90,000		
Profit & Loss A/c	90,000		
Creditors	70,000		
	<u>8,70,000</u>		<u>8,70,000</u>

Cont.

Preference shares are redeemable at a premium of 25% on 1st April, 2016. The directors propose to effect the redemption partly out of profits out of proceeds of fresh issue of 1,000 equity shares of Rs. 100 per share and partly out of profits of the company.

Pass journal entries in the books of the company and prepare Balance Sheet.

(20 marks)

Q.VI. Rachit & Company purchased a Lease for Rs. 80,000 on January 1, 2012. Rachit & Company decides to provide for its replacement by means of Insurance Policy for Rs. 80,000. The annual premium is Rs. 21,000.

You are required to show Lease Account, Depreciation Fund Account and Depreciation Insurance Policy Account for 2012, 2013, 2014, 2015 and 2016.

(20 marks)

