

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

B.com (Semester I) End Examination, October -2018

CC2 -Financial Accounting

Time: 2 Hours

Total Marks: 80

Instructions: (1) Q. No.I is compulsory

(2) Answer any **Three** questions from Q No. II to Q No.VI

(3) Figures to the right indicate maximum marks allotted.

(4) Give working notes wherever required.

(5) Students are allowed to use non-programmable calculators.

- Q. I** Blue Star Ltd. purchased a machine at a cost of Rs. 60,000. It was estimated by the technicians that the life of the machine will be 3 years at the end of which it will have a residual value of Rs. 7,500. The company took an endowment policy for a sum of Rs. 52,500 at an yearly premium of Rs. 16,490.76 payable at the beginning of each year.

The surrender values of the policy are:

At the end of first year Rs. 1,800

At the end of second year Rs. 13,500

At the end of the third year the claim was duly met by the insurance company and the scrap realized Rs. 6,800 only.

Prepare Machinery a/c, Depreciation Fund a/c and Depreciation Insurance Policy a/c.

(20 marks)

- Q.II** Mr. Pradip commenced business on 1st January 2017 with a capital of Rs.3,80,000. He immediately purchased Furniture of Rs. 50,000. He borrowed from his friend a sum of Rs. 20,000. The following particulars are obtained from his books kept under single entry system:

Particulars	Amount(Rs.)
Sales (including cash sales Rs. 60,000)	4,00,000
Purchases(including cash purchases Rs. 50,000)	3,00,000
Salaries	20,000
Discount allowed to debtors	3,000
Baddebts written off	2,000
Office expenses	10,000
Advertisement expenses	4,000

He had withdrawn Rs. 5,000 per month for his personal expenses. He used goods worth Rs. 5,000 for personal purpose. Furniture to be depreciated by 10% p.a.

On 31st December 2017, his debtors were worth 60,000 ,creditors Rs. 45,000 and Stock in trade was valued at Rs. 40,000.

Prepare Trading and Profit & Loss a/c for the year ended on 31st December 2017 and Balance sheet as on that date.

(20 marks)

Q.III Ispat Ltd. issued 20,000 shares of Rs. 100 each at a premium of Rs. 10 per share. The share amount was payable as follows:

On application Rs. 20, On allotment Rs. 40(including premium) . On first call Rs. 30 and on final call Rs.20.

Applications were received for 25,000 shares. Excess applications were rejected and the application money on these shares was refunded. The directors made all the calls. The first call money was not received on 1,000 shares and the final call money on 500 shares. The directors forfeited the shares on which first call was not received. All forfeited shares were later re-issued at Rs. 90 per share.

Pass Journal Entries in the books of Ispat Ltd.

(20 marks)

Q. IV Following is the Balance Sheet of Universal Co. Ltd.

Liabilities	Amount(Rs)	Assets	Amount(Rs)
1,40,000 Equity shares of Rs. 10 each	14,00,000	Fixed Assets	38,00,000
10% Preference share Capital	6,00,000	Bank balance	12,00,000
11% Debentures	8,00,000	Other current assets	10,00,000
Bank loan	8,00,000		
Profit & loss	5,00,000		
General Reserve	3,00,000		
Securities premium	2,20,000		
Dividend Equalisation Reserve	1,80,000		
Creditors	12,00,000		
	60,00,000		60,00,000

The company decided to buy back maximum number of shares at par. All the legal requirements to be fulfilled.

Pass Journal Entries in the books of Universal Co. Ltd. and prepare a Balance sheet after buyback.

(20 marks)

Q. V Global Co. Ltd. decided to redeem their preference shares as on 31st March, 2018 on which date their Balance Sheet was as follows:

Liabilities	Amount(Rs)	Assets	Amount(Rs)
Share Capital:		Fixed Assets	17,20,000
8,000 Equity shares of Rs. 100 each	8,00,000	Current Assets	2,80,000
8,000 Redeemable Preference shares of Rs.50 each Rs. 25 per share paid up	2,00,000		
4,000 Redeemable Preference shares of Rs. 100 each fully paid	4,00,000		

Reserves & Surplus:			
Profit & Loss a/c	2,60,000		
Capital Reserve	1,60,000		
Current liabilities:			
Creditors	1,80,000		
	20,00,000		20,00,000

The redemption was to be at a premium of 5%. The company issued 2,000 equity shares at par for the purpose of redemption.

Pass Journal Entries in the books of Global Co. Ltd. and prepare a Balance sheet after redemption in Vertical format. **(20 marks)**

Q.VI A) Explain any five methods of providing Depreciation. **(10 marks)**

Q.VI B) Biba Ltd. had issued capital of 50,000 equity shares of Rs. 100 each. The balance in general reserve was Rs.30,00,000. The company decided to buyback 1/5 of its capital at 20% premium.

Pass Journal entries **(10 marks)**