

GOVT. COLLEGE OF COMMERCE & ECONOMICS, BORDA, MARGAO GOA  
B. Com. (Sem. I) SEMESTER END EXAMINATION, OCTOBER 2019  
CC2 -Financial Accounting

Duration: 02 Hours

Max. 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 On 1<sup>st</sup> January 2016, a trader purchased machinery for ₹ 90,000. The life of the machinery was three years. It was decided to make a provision for the replacement of the losses by means of a sinking fund. The rate of investment was 5% p.a. The sinking fund table shows that ₹ 0.951624 at 5% p.a. will in three years accumulate ₹ 1. At the end of the third year investments realise ₹61,525.

Prepare Machinery Account, Sinking Fund Account and Sinking Fund Investment Account.

(20 marks)

Q. II Mr. Rajan maintained his account as per Single Entry System. His balances for the year were as follows:

Particulars	1 <sup>st</sup> April 2018(₹)	31 <sup>st</sup> March 2019(₹)
Cash	11,724	5,889
Debtors	28,083	25,065
Creditors	28,200	25,050
Investments	6,000	6,000
Stock	23,700	26,400
Bills Receivable	12,000	7,200
Bills Payable	10,413	15,153

Information from his Cash Book for the year 2018-2019 was as following:

Salaries ₹5,100, General expenses ₹2,100, Bills Payable ₹9,000, Bills Receivable ₹12,900, Investment purchased ₹3,000, Cash receipts from debtors ₹7,350, Payment to creditors ₹4,275, Commission received ₹90, Sales ₹3,600, Purchases ₹1,800, Drawings ₹4,500.

On enquiry you are told that in 2018-19, discount allowed and received were ₹ 1,200 and ₹1,065 respectively. During the period, Mr. Rajan accepted bills for ₹ 13,740 and received bills for ₹ 9,000. His bad debts were ₹ 1,680 and bills receivable dishonoured ₹ 900.

Prepare Trading Account, Profit & Loss Account for the year ended 31<sup>st</sup> March 2019 and the Balance Sheet as on that date.

(20 marks)

Q. III Global Industries Ltd. issued 50,000 shares of ₹ 10 each payable as follows:

On application ₹2, on allotment ₹3, on first call ₹ 2 and on final call ₹ 3.

Applications were received for 60,000 shares. The allotment was done as under:

To the applicants of 40,000 shares: Full

To the applicants of 16,000 shares: 10,000 shares

To the applicants of 4,000 shares: Nil

The surplus application money on partially accepted applications is to be applied for subsequent calls. The directors made all the calls and all moneys due were received.

One shareholder who was allotted 1,000 shares failed to pay first and final call money.

The directors decided to forfeit these shares. These shares were later re-issued as fully paid at ₹ 9 per share.

Pass Journal Entries in the books of Global Industries Ltd.

(20 marks)

\* Q. IV Following is the Balance Sheet of Universal Co. Ltd. as at 31<sup>st</sup> March 2019.

Liabilities	Amount(₹)	Assets	Amount(₹)
1,60,000 Equity shares of ₹10 each, ₹ 8 paid up	12,80,000	Fixed Assets	16,40,000
Profit & loss account	12,00,000	Investments	3,00,000
Securities premium	4,00,000	Current Assets	23,40,000
11% Debentures	4,00,000		
Bank loan	4,00,000		
Current Liabilities	6,00,000		
	42,80,000		42,80,000

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 in vertical format after buyback.

(20 marks)

Q. V The following is the Balance Sheet of Globus Co. Ltd. as at 31<sup>st</sup> March 2019.

Liabilities	Amount(₹)	Assets	Amount(₹)
Share Capital:		Fixed Assets	13,80,000
78,000 Equity shares of Rs. 10 each	7,80,000	Current Assets	6,44,000
32,000 6% Redeemable Preference shares of 10 each	3,20,000		
Reserves & Surplus:			
Profit & Loss a/c	7,40,000		
Current liabilities:			
Bills Payable	1,84,000		
	20,24,000		20,24,000

The redemption was to be at a premium of ₹ 2 per share. The company issued 20,000 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) Infosys Ltd. resolved to buy back 60,000 of its fully paid up equity shares of ₹ 10 each at 20% premium. For this purpose, the company issued 2,000 12% preference shares of ₹100 each at par. The company has ₹ 6, 00,000 in General Reserve account.

Pass Journal Entries in the books of the company.

(10 marks)

B) Write short notes on the following:

Annuity Method  
Depletion Method

(10 marks)