

**Semester End Examination, Oct-Nov. 2019**

Programme: B.COM

Subject: Commerce

Course Code: CC-02

Course Title: Financial Accounting

Category: Core Course

Semester: I

Paper No: 1

Time: 2 Hours

Max. Marks: 80

- Instructions:**
1. the question paper contains 06 questions spread across 03 pages
  2. Question No.1 is **compulsory**
  3. Answer **Any Three** from question no.2 to Question no.6
  4. Scientific calculators are not allowed.
  5. Figures to the right in brackets indicate maximum marks

**Q1.** A Company purchased a machinery on 1<sup>st</sup> April, 2015 for ₹10,00,000 the life of the machinery was estimated at 3 years. It was decided to provide for the replacement of the machinery at the end of 3 years by setting up of depreciation fund. It is expected that investment will fetch interest at 10%. Sinking fund tables show that to provide the requisite sum at 10% at the end of 3 years, an investment of ₹3,15,000 is required every year.

On 31<sup>st</sup> March, 2018, the investments are sold for ₹6,00,000

Show Machinery Account, Depreciation Fund Account and Depreciation Fund Investment Account.

**(20 Marks)**

**Q2.** From the following particulars of Mr. Ashok who keeps his books on single-entry system prepare the trading and profit & loss account for the year ending 31/03/2019 and the balance sheet as on that date:

*Receipts & Payments Account for the year ending 31-3-2019*

To Balance b/d	2,000	By Creditors	40,000
Ta Sales	8,000	By Salary	2,500
To Debtors	60,000	By Rent	1,500
		By Wages	7,000
		By Trade expenses	4,000
		By Purchases	3,000
		By Drawings	11,000
		By Balance c/d	1,000
	70,000		70,000

Further Information:	01/04/2018	31/03/2019
Machinery	30,000	30,000
Furniture	6,000	6,000
Debtors	15,000	20,000
Creditors	4,000	5,000
Stock-in-trade	12,000	18,000

Provide depreciation on machinery and furniture at 10% and make provision of 5% for doubtful debts. **(20 Marks)**

**Q3.** On 01/04/2015 a company purchased a lease for 3 years of ₹6,00,000. It was decided to provide for its replacement by means of an insurance policy for ₹6,00,000/- . The annual premium was fixed at ₹1,84,000 at the end of the last year a new lease was acquired for ₹7,00,000.

Prepare Lease Account, Depreciation Fund A/c and Depreciation Insurance Policy A/c for the 3 years. **(20 Marks)**

**Q4.** ABC Limited issued 10,000 shares of ₹100 each at a premium of ₹10/- per share. The share amount was payable as under:

- On application ₹20
- On allotment ₹40 (including Premium)
- On First Call ₹30
- On Final Call ₹20

The company received application for 13000 shares. Applications for 3000 shares were rejected and the application money was returned on these shares. The directors made all the call on shares. The shareholder holding 1000 shares failed to make payment on final call. His shares were forfeited by the directors and the same were reissued as fully paid at ₹50/- per share. Give journal entries. **(20 Marks)**

**Q5.** The balance sheet of supra limited showed the following items on 31<sup>st</sup> March, 2019.

Liabilities	₹	Assets	₹
4000 Equity Shares of ₹100/- each	4,00,000	Fixed Assets	3,50,000
20,000 5% Redeemable preference shares of ₹10/- each	2,00,000	Investment	2,00,000
Profit & loss a/c	1,60,000	Cash at Bank	10,000
Current Liabilities	2,25,000	Other Current Liabilities	4,25,000
	<b>9,85,000</b>		<b>9,85,000</b>



On 1<sup>st</sup> April, 2019 the company decided to:

- Redeemed the preference Shares at a premium of ₹2/- per Share.
- Realised Investment at 90% of the cost.
- Issued 1000 Equity shares of ₹100/- each at a premium of ₹20/- per Share payable as under:-

On application ₹20/-

On allotment ₹50/- (including Premium)

On First Call ₹25/-

On Final Call ₹25/-

The company received application for 1000 Shares. All the application were accepted. The company allotted the shares and received the amount as above.

Pass the journal entries to record the above transaction.

(20 Marks)

Q6. Following is the Balance sheet of Vidya Limited as on 31<sup>st</sup> March, 2019

*Balance Sheet as on 31<sup>st</sup> March, 2019*

Liabilities	₹	Assets	₹
60000 Equity shares of ₹10/- each	6,00,000	Fixed Asset	4,00,000
500 9.5% preference shares of ₹100 each	50,000	Stock	2,00,000
General Reserve	75,000	Debtors	80,000
Profit & Loss a/c	50,000	Cash at Bank	1,55,000
Security Premium a/c	10,000		
Creditors	50,000		
	8,35,000		8,35,000

The company decided to buy back its 1/3<sup>rd</sup> of its shares at premium of 2 per share, after complying with all the legal formalities as per companies Act, 2013. For this purpose the company decided to issue 1500 11% preference shares of ₹100 each at 10% premium. All the money was received.

Pass necessary journal entry.

(20 Marks)

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