

SECOND SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2023**(Regular/Improvement/Supplementary)****FINANCE & COMPUTER APPLICATION****GBCM2B02T: FINANCIAL ACCOUNTING****Time: 2 ½ Hours****Maximum Marks: 80****SECTION A: Answer the following questions. Each carries two marks.****(Ceiling 25 Marks)**

1. Mention the items that are included under cash and cash equivalents.
2. Define IFRS.
3. Explain issue of debentures at par and premium.
4. State the reasons for incompleteness in records.
5. What is Capital reserve?
6. Define Single entry system.
7. What is Pro-rata allotment?
8. Describe Cumulative preference shares.
9. What is ASB?
10. Describe Capital comparison method.
11. What is ESOP?
12. Comment on TDS.
13. Describe 'Fraction debentures'.
14. Write an account on the convergence of IFRS.
15. Explain the term "Collateral Security".

SECTION B: Answer the following questions. Each carries five marks.**(Ceiling 35 Marks)**

16. What is NFRA? Explain the functions of NFRA.
17. From the following, calculate profit or loss during the year.

Capital at the beginning	Rs.14,400/-
Capital at the end	Rs.19,500/-
Drawings during the period	Rs. 4,200/-
Addition to capital during the year	Rs. 3,400/-
18. Sea bae Ltd., issued 12,500, 10% debentures of Rs.100 each at a premium of 10% payable on application. Applications were received for 12,000 debentures. Pass necessary journal entries of the Company assuming that excess application money received is refunded on allotment of debentures.
19. Alpha Ltd., issued for public subscription, 20,000 equity shares of Rs.10 each, payable Rs.5 on application and allotment and the balance in two equal calls. Applications were received for all the shares and all call money were received on making calls. Journalise the above.

(PTO)

20. Mr. Samuel keeps his books under Incomplete Records. His financial position as on 1st April 2022 was as follows:

Cash in hand Rs.160, Cash at bank Rs.2,500, Stock in trade Rs.8,940, Sundry debtors Rs.6,500, Plant and machinery Rs.15,000, Fixtures and fittings Rs.2,000 and Sundry creditors Rs.15,000.

During the year Samuel drew from business for his domestic expenses Rs.5,000 and paid Rs.1,200 to his son.

On 31st March 2023, his financial position was as follows

Cash in hand Rs.240, Bank overdraft Rs.7,200, Stock in trade Rs.12,800, Sundry creditors Rs.20,000, Plant and machinery Rs.20,000, Fixtures and fittings Rs.2,000 and Sundry debtors Rs.11,200.

Calculate the profit or loss of the trader and prepare his final statement of Affairs on 31st March 2023 after providing depreciation on plant and machinery at 5% and fixtures and fittings at 10% per annum. Allow interest on capital at 5%.

Hint: Depreciation is taken on closing balance.

21. Sandy Ltd., issued 25,000 equity shares of Rs.10 each payable Rs.3 on application, Rs.3 on allotment and balance in two equal calls. Applications were received for 45,000 shares. Directors made the allotment as follows:

- | | |
|-----------------------------------|-----------------|
| a) To applicants of 10,000 shares | : 10,000 shares |
| b) To applicants of 30,000 shares | : 15,000 shares |
| c) To applicants of 5,000 shares | : Nil |

All the calls were made and amounts were duly received except the second call on 400 shares. Pass necessary entries in the books of the company.

22. Brooks Ltd., purchased machinery worth Rs.3,00,000/- from Ciasco Ltd. Pass journal entries in the books of Brooks Ltd., if it issues sufficient number of 12% debentures of Rs.100 each in full settlement of the claim of the vendor company.

23. You are required to prepare Profit and Loss Account.

<u>Particulars</u>	<u>Amount</u>
Revenue from operation (Net)	Rs. 3,00,000/-
Employee benefits expenses	Rs. 15,000/-
Finance costs	Rs. 8,000/-
Cost of material consumed	Rs. 2,00,000/-
Other incomes	Rs. 4,000/-
Other expenses	Rs. 12,000/-
Tax expense	30%

SECTION C: Answer any two questions. Each carries ten marks.

24. Following are the ledger account balances of Creative Enterprises Ltd. As on 31.03.2023 after preparing Trading Account.

Debit Balance	Amount	Credit Balance	Amount
Opening stock	27,400	Sales	3,68,500
Land and buildings	6,00,000	Income from investments	1,52,800
Computers	1,80,000	Sundry creditors	1,12,400
Furniture	85,000	Term loans from bank	4,60,000
Salary	1,12,800	Equity share capital (80,000 shares of Rs.10)	8,00,000
Tax expenses	12,000	General reserve	1,00,000
Purchases	2,00,000	Bills payable	12,000
Office expenses	18,400		
Rent	16,000		
Electricity	10,400		
Postage	10,000		
Repairs	6,800		
Sundry debtors	1,84,600		
Bills receivable	12,900		
Bank	82,000		
Cash	6,500		
Investments (long-term)	4,40,900		
	20,05,700		20,05,700

Additional information

- Provide for depreciation on land and building @ 2% and on computers @ 10%.
- Remuneration payable to Managing Director Rs.31,290/-
- Provide for doubtful debts @ 5% on debtors.
- Closing stock is valued at Rs.50,000.
- Transfer Rs.50,000 to General Reserve.

25. Mr.Santosh who keeps his books by single entry gives you the following information for the year ended 31st March 2023.

Dr. Summary of Cash Book Cr.

Particulars	Amount	Particulars	Amount
To Balance at bank	4,350	By Santosh's drawings	15,520
" Sundry debtors	38,400	" Trade creditors	27,100
" Bills receivable realized	12,000	" Bills payable	9,300
" Commission received	1,500	" Wages	32,000
" Cash sales	48,600	" Salaries	16,500
" Balance c/d	3,350	" Rent and taxes	4,400
		" Insurance	800
		" Carriage	1,250
		" Advertising	1,330
	1,08,200		1,08,200

(PTO)

Particulars of other assets and liabilities

	April 1, 2022	March 31, 2023
Stock on hand	18,700	23,400
Debtors	12,000	14,000
Creditors	9,000	1,500
Bills receivable	4,000	5,000
Bills Payable	1,000	1,200
Furniture	600	600
Machinery	12,000	12,000

A provision of Rs.1,450/- is required for doubtful debts and depreciation at 5% is to be written off on Machinery and Furniture. Rs.3,000/- is outstanding for wages and Rs.1,200/- for salaries. Insurance has been prepaid to the extent of Rs.250/-. Legal expenses are outstanding to the extent of Rs.700/-.

Prepare Trading Profit and Loss Account and Balance Sheet of Mr. Santosh.

26. Galaxy Limited issued the following debentures redeemable after 3 years. Write entries in the books of the company for issue and redemption in each of the following cases:

- 1,000. 12% debentures of Rs.10 each issued and redeemable at par.
- Issued 1,000, 12% debentures of Rs.100 each at a discount of 10% but redeemable at par.
- Issued 12%, 1,000 Rs.100 debentures at a premium of 10%, but redeemable at par.
- Issued 12%, 1,000 debentures of Rs.100 each at par but redeemable at a premium of 10%.
- Issued 12%, 1,000 debentures of Rs.10 each at a discount of 10%, but redeemable at a premium of 10%.

27. What are the functions of IASB? Explain the role that IASB played in developing IFRS.

(2 × 10 = 20 Marks)