

SECOND SEMESTER UG DEGREE EXAMINATION, APRIL 2024**(Regular/Improvement/Supplementary)****B.Com Professional****GBCP2B04T: FINANCIAL ACCOUNTING****Time: 3 Hours****Maximum Marks: 80****PART A: Answer all the questions. Each carries one mark.****Choose the correct answer.**

1. Which of the following is not a directly attributable cost to PPE?

A) Cost of Testing.	B) Installation cost.
C) Cost of site preparation.	D) Administration expenses.
2. Sales are equal to

A) Cost of goods sold plus Gross profit.	B) Cost of goods sold minus Gross profit.
C) Gross profit minus Cost of goods sold.	D) All of these.
3. Right shares are issued to:

A) Directors.	B) Existing equity shareholders.	C) Employees.	D) Promoters.
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4. When 500 shares of Rs.10 each on which Rs.3 on final call is not paid and is forfeited, share forfeited account is credited with Rs.

A) 1500	B) 3500	C) 5000	D) 2000
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5. Cash and cash equivalents include.....

A) Cash in hand.	B) Cash at bank.
C) Foreign currency in hand.	D) All of the above.

Fill in the Blanks.

6. An estimate of future bad debt is called
7. The profit on reissue of forfeited shares is transferred to
8. capital is used only on winding up of a company.
9. Called up capital minus calls in arrear is
10. Accumulated profits held by an entity are called

(10 x 1 = 10 Marks)**(PTO)**

PART B. Answer any *eight* questions. Each carries *two* marks.

11. What are the differences between bond and debenture?
12. What you mean by recognition?
13. Comment on deferred tax.
14. What do you mean by events after reporting period?
15. What is a change in accounting estimate?
16. Give an account on convertible debentures.
17. What are prior period errors?
18. What is cash flow statement?
19. Define minimum subscription.
20. What is meant by forfeiture of shares?

(8 x 2 = 16 Marks)

PART C: Answer any *six* questions. Each carries *four* marks.

21. X Ltd. issued 5,000 shares of Rs 10 each at a premium of Rs. 5 per share. The amount was payable as Rs. 3 on application, Rs. 7 on allotment (including premium) and the balance on first and final call. All the shares were subscribed by the public and all money duly received. Show the journal entries in the books of the company.
22. A Ltd. forfeited 100 shares of Rs 10 each issued at premium of Rs. 1 per share to Mr. Hemanth who had applied for 150 shares, for non-payment of allotment money of Rs. 4 per share (including premium) and the first and final call of Rs. 5 per share. Give journal entries assuming that the company follow the policy of adjusting excess application money towards remaining amount due.
23. X Ltd. issued 10,000 12% Debentures of Rs 100 each at par redeemable at 6% premium after 5 years, payable as Rs. 60 on application and balance on allotment. The debentures were fully subscribed and all money was duly received. Pass journal entries.
24. Super Ltd. incurred the following expenses. Compute cost of inventory.

Cost of Raw Materials	5,00,000
Rebate on purchase of Raw material	20,000
Wages to Labourers	75,000
Depreciation of Factory Machinery	12,000
Factory Electricity Charges	7,000
Factory Supervisors Salary	21,500

25. Mr. X commenced business on 01-01-2023 with a capital of Rs. 20,000. Soon thereafter he bought furniture for Rs. 4,000. On 01-01-2023 he borrowed Rs. 10,000 from his brother at 12% p.a. (interest not yet paid) and introduced a further capital of his own amounting Rs. 3,000. He withdrew @ Rs. 600 p.m. at the end of each month for his personal expenses. On 31-12-2023 his position was as follows.

Cash in hand Rs.400 ; Cash at bank Rs.5,200 ; Debtors Rs.9,600 ; Stock Rs.10,000 ; B/R Rs.3,200 ; Creditors Rs. 1,000 and owing for rent Rs. 300.

Depreciate furniture @ 10% . Ascertain profit or loss made by Mr. X during 2023.

26. What are the difference between statement of affairs and balance sheet?

27. The following cost were incurred in connection with the purchase of a plant by Arun Ltd.

Gross Price	30,00,000
Rebate allowed by seller	1%
Cost of site preparation	1,30,000
Cost of advertising the product	3,20,000
Initial handling cost	70,000
Installation charges	1,40,000
Cost of promotional activities	60,000
Administration cost	3,20,000
Cost of testing	2,10,000
Sales proceeds of goods produced in testing process	30,000

Compute cost of PPE.

28. The original value of assets classified as Cash Generating Unit (CGU) as on 31-03-2022 is Rs. 80,00,000 and accumulated depreciation is 20,00,000. Depreciation charge for 2022-23 is Rs. 5,00,000. Assume that the present value of estimated future cash flow of CGU is Rs. 48,00,000; fair value of CGU is Rs. 49,00,000 and the estimated disposal cost is Rs. 2,00,000. Find out the impairment loss.

(6 x 4 = 24 Marks)

(PTO)

PART D. Answer any two questions. Each carries fifteen marks.

29. Explain the objectives of financial statement and utility of financial statement for users.

30. The following are the Balance sheet of Shri Gupta as on 30th June 2023:

Debit Balances	Amount	Debit Balances	Amount
Cash in Hand	540	Patents	7,500
Cash at Bank	2,630	Salaries	15,000
Purchases	40,675	General expenses	3,000
Return inward	680	Insurance	600
Wages	8,480	Drawings	5,245
Fuel and power	4,730	Sundry Debtors	14,500
Carriage on sales	3,200		
Carriage on purchases	2,040	Credit Balances	Amount
Stock (01/07/2022)	5,760	Sales	98,780
Buildings	22,000	Returns outwards	500
Freehold land	10,000	Capital	62,000
Machinery	20,000	Sundry Creditors	6,300
Investments	10,000	Rent	9,000

Taking into account the following adjustments prepare the Trading and Profit and Loss.

Account and Balance Sheet as on 30th June 2023:

- Stock on hand on 30th June 2023 is Rs. 6,800.
- Machinery is to be depreciated at the rate of 10% and Patents at the rate of 20%.
- Salaries for the month of June 2023 amounting to Rs. 1,500 were unpaid.
- Bad debt are Rs. 725.
- Rent received in advance Rs. 1,000.
- Interest on investment of Rs. 2,000 is accrued.

31. The following is the trial balance of Gandharv Ltd. as at 31st march 2023.

	Debit (Rs.)	Credit (Rs.)
Equity Share Capital		4,00,000
Share Premium		1,00,000
Retained Earnings as 1-4-2022		1,60,000
Revenue		8,20,000
Office Expenses	20,000	
Purchases	3,40,000	
Inventory as 1-4-2022	2,20,000	
Distribution Costs	1,72,000	
Interest on Loan	32,000	
Loan from Bank		3,20,000
Income Tax Expenses	20,000	
Exchange Differences (gain)		10,000
Cash and Cash Equivalent	3,60,000	
Trade Receivables	1,00,000	
Trade Payables		60,000
Investment in Shares	3,00,000	
Property Plant and Equipment	10,00,000	
Deferred Tax Assets	1,00,000	
Biological Assets	3,00,000	
Bank Overdraft		2,10,000
Dividend Paid	80,000	
Borrowings		9,64,000
	30,44,000	30,44,000

Additional Information:

1. Inventory on 31-03-2023 is valued at Rs. 3,00,000.
2. Provide depreciation on property plant and equipment at 10% and allocate to administrative expenses.
3. Equity shares issued during the period is Rs. 1,00,000 and share premium Rs. 10,000.

Prepare Statement of Profit or Loss (SOPL), Statement of Changes in Equity (SOCE), and Statement of Financial Position (SOFPP) as per Ind AS 1.

(2 x 15 = 30 Marks)