

**SECOND SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2024****(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. What is meant by prorata allotment?
2. Distinguish between bond and debentures.
3. What is Conversion method?
4. What is IFRS Convergence?
5. What is Employees Stock Options Scheme?
6. Define the term 'Equity'.
7. What is memorandum trading account?
8. What is divisible profit?
9. Define Sweat equity share.
10. What is Principle of recognition?
11. What do you mean by accounting from incomplete records?
12. What is reserve capital?
13. What do you mean by interim dividend?
14. What is a bearer debenture?
15. What is calls in advance?

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

16. Amkette Ltd forfeited 100 shares of ₹10 each issued at premium of ₹1 per share to Ms. Hema who had applied for 150 shares, for nonpayment of allotment money of ₹4 per share (including premium) and the first and final call of ₹5 per share. Out of these, 60 shares were reissued to Mr. Babu credited as fully paid for ₹8 per share. Give Journal entries assuming that the company follows the policy of adjusting excess application money towards remaining amount due.
17. State the differences between IFRS and Indian Accounting Standards.

**(PTO)**

18. Ms. Diya keeps books under single entry system. Her assets and liabilities were as under:

	On 31 <sup>st</sup> December 2022	On 31 <sup>st</sup> December 2023
	(₹)	(₹)
Cash	5,000	2,900
Sundry Debtors	5,100	7,100
Stock	5,900	5,800
Plant & Machinery	9,000	11,000
Sundry Creditors	3,900	3,200
Bills Payable.	1,500	2,000

During 2023 she introduced ₹ 5,000 as additional capital. She withdrew ₹ 600 every month for her domestic expenses. Ascertain her profit.

19. For the year ended 31<sup>st</sup> March 2023, provision for income tax has been made for ₹ 80,000. Advance payment of tax for that year amounted ₹ 60,000 and tax deducted at source on income earned by the company amounted to ₹ 3,500. On October 12, 2023, the assessment was completed and the tax liability came to ₹ 94000. Advance payment of tax for the year ending 31<sup>st</sup> March 2024 was ₹ 68,000. The company made provision for taxation for the year ending 31<sup>st</sup> March 2024 amounted to ₹ 1,00,000. Show the necessary ledger accounts for the year ending 31<sup>st</sup> March 2024.

20. Angel Ltd. invited application for ₹1,00, 000 shares of ₹10 each at a premium of 6% payable as follows:

On Application ₹ 2.50; On Allotment ₹ 4.60 and on First call Final call ₹ 3.50. The applications received were for 90,000 shares and all of these were accepted. All money due was received except first and final call on 1,000 shares. Pass necessary journal entries in the Journal of the Company.

21. Distinguish between surrender of shares and forfeiture of shares.

22. Journalize the following transactions at the time of issue:

- (a) A debenture issued at ₹95, repayable at ₹ 100.
- (b) A debenture issued at ₹95, repayable at ₹ 105.
- (c) A debenture issued at ₹100, repayable at ₹ 105.
- (d) A debenture issued at ₹105, repayable at ₹ 100.
- (e) A debenture issued at ₹102, repayable at ₹ 105.

**Note:** The Face value of each debenture is ₹ 100.

23. Logitech Ltd issued 3000, 10% debentures of ₹ 100 each on January 01, 2023 at a discount of 10% redeemable at a premium of 10%. Give journal entries relating to the issue of debentures and debenture interest for the period ending December 31, 2023 assuming that interest was paid half yearly on June 30 and December 31 and tax deducted at source is 10%. Logitech Ltd., follows calendar year as its accounting year.

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

24. Arjun and Balu started business on January 1, 2022 with ₹ 50,000 as capital contributed equally but the profit sharing ratio was 3:2. Their drawings were ₹ 300 and ₹ 200 per month respectively. They had kept no account except the following information:

	31-12-2022 (₹)	31-12-2023 (₹)
Machinery at cost	20,000	25,000
Stock in trade	30,000	30,000
Debtors	50,000	60,000
Cash	2,000	500
Creditors	30,000	20,000
Outstanding Expenses	4,000	3,000
Bank balance as per pass book	6,000	8,000

Provision is to be made for depreciation at 10% on the cost of machinery as at the end of each year. Debtors on 31-12-2022 include ₹ 5,000 for goods sent on consignment at 25% above cost, and the goods were not sold until 2022. A cheque for ₹ 1000 had been deposited on 31-12-2022 but was credited on 2-1-2023.

Cheque for ₹ 2,000 issued on 26-12-2023 was presented on 3-1-2024. A cheque for ₹ 1000 was deposited by a customer on 27-12-2023. A cheque for ₹ 500 directly deposited in December, 2023 was dishonored but no adjustment for these was made.

Determine the profits for 2022 and 2023 and draw up a balance sheet as at 31<sup>st</sup> December 2023.

25. Xerox Company Ltd. issued prospectus inviting applications for 20,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows:

On Application ₹ 3; On Allotment ₹ 5 (including premium); on First call ₹ 2; On second call ₹ 2. Applications were received for 30,000 shares and allotment made prorata to the applicants of 24,000 shares. Money overpaid on application was employed on account of sums due on allotment.

Mr. Bharat, to whom 400 shares were allotted, failed to pay the allotment money; and on his subsequent failure to pay the first call, his shares were forfeited. Mr. Arun, the holder of 600 shares, failed to pay both calls and his shares were forfeited after the second call. Of the shares forfeited, 800 shares were issued to Mr. Sethu, credited as fully paid, for ₹ 9 per share, the whole of Mr. Bharat's shares being included.

Pass necessary journal entries to give effect to the above and prepare Bank Account and Forfeited Shares Account.

26. What are the objectives of IASB? Discuss the role of IASB in developing IFRSs.

(PTO)

27. Following balances are extracted from on 31<sup>st</sup> March, 2023 from the books of AB Ltd.:

	₹		₹
Factory Premises at cost	4,50,000	Share Capital:	
Plant & Machinery at cost	3,49,160	30,000, 7% preference shares of ₹ 10 each	3,00,000
Motor Lorries at cost	73,000	60,000 Equity shares of ₹ 10 each	6,00,000
Sundry Debtors	1,21,780	Surplus A/c	16,240
Bad Debts Written off	2,850	Gross Profit for the year	2,46,640
Rent, Rate & Taxes	28,400	Provision for Doubtful Debts	9,000
Advertisement	19,500	Sundry Creditors	1,29,640
Cash in hand at Bank	68,500	Transfer Fees	110
Director's Fees	3,600	Accrued Wages	12,840
Audit Fees	10,000	Staff Benevolent Fund	17,900
Stock on 31-03-2023	1,14,600		
Rent & Taxes paid in advance	7,980		
Salaries and Wages	32,000		
Dividends paid on:			
On Preference Shares	21,000		
On Equity Shares (Interim)	15,000		
Patents	15,000		
	<b>13,32,370</b>		<b>13,32,370</b>

The Provision for Doubtful Debts is to be made up to ₹ 10,200. The factory premises, plant & machinery and Motor Lorries are to be depreciated by 3%, 15% and 20% respectively. The Authorized Capital of the company is ₹ 10, 00,000 divided into 1, 00,000 shares of ₹10 each. You are required to prepare:

- (a) Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2023.
- (b) Balance Sheet as at 31<sup>st</sup> March 2023 in the prescribed format under the Companies Act. Previous year's figures are not required and also ignore taxation and transfer to reserves as required by Law. You need not provide Corporate Dividend Tax.

**(2 x 10 = 20 Marks)**