

C 43114

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Name.....

Reg. No.....

**SECOND SEMESTER (CBCSS—UG) DEGREE EXAMINATION
APRIL 2023**

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2019—2022 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A*Answer all the questions.**2 marks each.**Maximum 25 Marks.*

1. What do you mean by issue of shares at premium ?
2. What is calls in advance ?
3. What is single entry system of accounting ?
4. What is capital reserve ?
5. Explain over subscription of shares ?
6. What do you understand by forfeiture of shares ?
7. What are divisible profits ?
8. What do you mean by principle of revenue recognition ?
9. Expand IFRS.
10. What is private placement ?
11. Write the objectives of ASB ?
12. What is a convertible preference share ?
13. What is a balance sheet ?
14. What is pro-rata allotment ?
15. What is a bearer debenture ?

(15 × 2 = 30 Maximum ceiling 25 Marks)

Turn over

Section B*Answer all the questions.**5 marks each.**Maximum 35 Marks.*

16. Explain the different phases of issue of share capital.
17. Distinguish reserve capital and capital reserve.
18. Explain the features of IFRS.
19. From the following data, ascertain total purchases.

Balance of creditors on 01-01-2020	:	14,000
Cash paid to creditors	:	10,000
Discount allowed by them	:	500
Bills payable given	:	10,000
Returns outward	:	3,000
Balance of creditors on 31-12-2020	:	25,000
Cash purchase	:	10,000

20. Surya Ltd. Issued 2,00,000 equity shares of Rs. 10 each, payable Rs. 3 on application, Rs. 2 on allotment, Rs. 3 on first call and Rs. 2 on final call. The company duly receives the amount due on allotment. One shareholder holding 6,000 shares paid the final call money along with the first call, while another shareholder holding 10,000 shares did not pay the first call money. The company did not make the final call.

Pass journal entries.

21. Vivek Ltd. took over assets worth Rs. 5,00,000 and liabilities of Rs. 1,34,000 of Midhun Traders for the purchase consideration of Rs. 3,96,000. Vivek Ltd paid the purchase consideration by issuing debentures of Rs. 100 each. Give journal entries in the books of Vivek Ltd assuming that debentures are issued at 10 % discount.
22. Hindustan Ltd. Was registered with a nominal capital of Rs. 20,00,000 divided into 20,000 shares of Rs. 100 each. The company issued 10,000 shares at par, payable Rs. 20 on application, Rs. 30 on allotment, Rs. 20 on first call and Rs. 30 on final call. All shares were subscribed by the public and amounts duly received. Pass journal entries in the books of the company.

23. A company carried forward a balance of Rs. 40,000 from the P and L A/c for the year ended 31/03/2019. During the year 2019-20 it made a further profit of Rs. 3,10,000 before providing taxation. It was decided that the following decisions may be carried out.
- (a) Provision for taxation Rs. 1,50,000.
 - (b) Dividend equalisation reserve Rs. 25,000.
 - (c) Dividend on 8 % preference shares of Rs. 2,00,000.
 - (d) Dividend at 15 % on 30,000 equity shares of Rs. 10 each fully paid.
 - (e) General reserve Rs. 35,000.
 - (f) Development rebate reserve Rs. 35,000.

Show the changes in the Surplus in Statement of Profit and Loss.

(8 × 5 = 40 Maximum ceiling 35 Marks)

Section C

*Answer any two of the following.
10 marks each.*

24. Arjun commenced business on 01-01-2020, with a capital of Rs. 25,000. He immediately bought furniture for Rs. 6,000. During the year, he borrowed Rs. 15,000 from his wife and introduced further capital of his own amounting to Rs. 9,500. He had withdrawn Rs. 900 at the end of each month for family expenses.

On 31-12-2020, his position was as follows.

Cash in hand Rs. 600, cash at bank Rs. 7,800, debtors Rs. 14,400, stock Rs. 20,400, bills receivable Rs. 4,800, creditors Rs. 1,500, rent due Rs. 450. Furniture is to be depreciated by 10 %. Ascertain the profit or loss made by Arjun during 2020.

25. Manju Ltd. Issued 2,00,000 equity shares of Rs. 10 each payable as Rs. 3 on application, Rs. 2 on allotment, Rs. 2 on first call and Rs. 3 on final call. The company receives application for 2,40,000 shares. It allows applicants for 1,00,000 shares in full, those for 1,20,000 shares, 1,00,000 shares and rejects applications for 20,000 shares.

One shareholder did not pay the first call money on 6,000 shares which she paid with the final call. Another shareholder holding 2,000 shares did not pay the final call money till the end of the accounting year. Show journal entries.

Turn over

26. The following are the balances of Adarsh Ltd. as on 31/03/2019 :

Debits	Amount	Credits	Amount
Premises	30,72,000	Share Capital(Rs.100 shares)	40,00,000
Plant	33,00,000	12 % Debentures	30,00,000
Stock	7,50,000	Profit and Loss A/c	2,62,500
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash in hand	4,06,500	Sales	41,50,000
Calls in arrear	75,000	General reserve	2,50,000
Interim dividend paid	3,92,500	Provision for bad debts	35,000
Purchases	18,50,000	(01/04/2018)	
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debenture interest paid	1,80,000		
	<u>1,24,67,500</u>		<u>1,24,67,500</u>

Additional information :

- (1) Depreciate plant by 15 %.
- (2) Write off Rs. 5,000 from preliminary expenses.
- (3) Half year's debenture interest due.
- (4) Create 5 % provision for bad debts.
- (5) Provide for income tax @ 50 %.
- (6) Stock on 31/03/2019 was Rs. 9,50,000.

Prepare final accounts of the company for the year ended 31/03/2019.

27. Explain the advantages and disadvantages of adopting IFRS in India.

(2 × 10 = 20 marks)