

Answer Key.

EXAM:-S.Y.B.COM(Accounting & Finance) Sem-IV

DATE:- 02/05/2019

SUBJECT:- Financial Accounting (Special Accounting Areas)

66493

INSTRUCTIONS FOR EXAMINERS AND MODERATORS

Q.1.(A) STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE (ANY 8)

1	2	3	4	5	6	7	8	9	10
True	True	True	True	True	True	True	True	True	True
1 Marks Each									

Q.1.(B) MULTIPLE CHOICE QUESTIONS. (ANY 7)

1.	Profit & Loss Appropriation A/c	1 Marks Each
2.	Time Ratio	
3.	Capital Reserve	
4.	Charged to P & L	
5.	Historical cost	
6.	Fund Investment	
7.	Not reduction of capital	
8.	Bearer Plants	
9.	Contingent Liability as a note	
10.	Share Capital	

Q.2.

In the books of Elegant Ltd.

Balance Sheet as at 31st March, 2019.

Particulars	Note No.	Amount ₹	Amount ₹	Marks Allocation
Equity & Liabilities				
1.Shareholders Fund				
a) Share Capital	1	49,95,000		0.5
b) Reserves & Surplus	2	18,21,500	68,16,500	0.5
2.Non-Current Liabilities				
a) Long term Borrowing	3		13,17,500	0.5
3.Current Liabilities				
a) Trade Payables	4	10,00,000		
b) Short Term Provisions	5	3,40,000		
c) Other Current Liabilities	6	37,500	<u>13,77,500</u>	
Total Liabilities			<u>95,11,500</u>	<u>0.5</u>
Assets				
1.Non-Current Assets				
a) Fixed Assets				
l) Tangible Assets	7		56,25,000	0.5
2.Current Assets				
a) Inventories	8	12,50,000		
b) Trade Receivables	9	10,00,000		0.5

c) Short Term Advance	10	2,13,500		2
d) Cash & cash equivalents	11	1,50,000		0.5
e) Other Current Assets	12	<u>12,06,500</u>	38,20,000	0.5
Suspense A/c			<u>66,500</u>	
Total Assets			<u>95,11,500</u>	<u>0.5</u>

Examiner Note: Full Marks Should not be given if proper notes to accounts are not prepared.

There is a difference in the books to the extent of RS 66,500

Notes to Accounts

<u>Particulars</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>
1. Share Capital			
Issued & Subscribed			
50,000 Equity Shares of Rs 100 Each		50,00,000	
Less Call in arrears		(5,000)	<u>49,95,000</u>
(Out of the above 10,000 shares were issued for consideration other than cash)			
2. Reserve & Surplus			
General Reserve		10,50,000	
Profit & Loss A/c (5,00,000+3,00,000)		8,00,000	
Less Preliminary Expenses (25,000+3,500)		(28,500)	18,21,500
3. Long Term Borrowing			
Loan from SFC	7,50,000		
Less: Interest Accrued but not due	(37,500)	7,12,500	
Unsecured loan		6,05,000	<u>13,17,500</u>
4. Trade Payable			
Creditors			<u>10,00,000</u>
5. Short Term Provision			
Provision for Taxations			<u>3,40,000</u>
6. Other Current Liabilities			
Interest on loan Accrued but not due			<u>37,500</u>
7. Tangible Fixed asset			
a) Land & Building	30,00,000		
Less: Provision for Depreciation	(2,50,000)	27,50,000	
b) Plant & Machinery	35,00,000		
Less: Provision for Depreciation	(8,75,000)	26,25,000	
c) Furniture	3,12,500		
Less: Provision for Depreciation	62,500	2,50,000	<u>56,25,000</u>
8. Inventories			
Stock of Raw-Materials		2,50,000	
Stock of Finished Goods		10,00,000	<u>12,50,000</u>
9. Trade Receivables			
Sundry Debtors:			
Due for more than 6 Months		2,60,000	
Others Debtors		7,40,000	<u>10,00,000</u>
10. Short Term Loan Advances			
Advances			<u>2,13,500</u>
11. Cash & Cash Equivalent			
Cash at Bank		1,40,000	
With Non-Schedule Bank		10,000	<u>1,50,000</u>

12. Other Current-Asset			
Preliminary Expenses		12,35,000	
Less: Payment to Auditors		(28,500)	12,06,500

Q.2. A).

Journal

Particulars		₹	₹	Marks Allocation
a) Profit & Loss A/c	Dr	1,20,000		
To Provision for Income Tax A/c			1,20,000	
(Being Provided for taxation for the year)				
b) Profit & Loss Appropriation A/c	Dr	40,000		
To Provision for Income Tax A/c			40,000	
(Being deficit in provision for taxation for prior period)				
c) Provision for Income Tax A/c	Dr	20,000		
To Income Tax Payable A/c			20,000	
(Being tax payable for the year)				
Total		1,80,000	1,80,000	

Provision For Taxation A/c

(2017-18)

Particulars	₹	Particulars	₹
To Advance Income-Tax (2017-18)	2,00,000	By Balance B/d	1,80,000
To Income Tax Payable		By Profit & Loss A/c	40,000
(Balance Figure)	20,000		
	2,20,000		2,20,000

Profit & Loss A/c for the year ended 31st March,2019

Particulars	₹	Particulars	₹
To Provision for Income-Tax	2,30,000		
To Prior Period Items:			
Provision for Income-Tax	40,000		

Balance Sheet As on 31st March,2019

Equity & Liabilities	₹	Assets	₹
Current Liabilities:		Short Term loan & Advance	
Income Tax Payable	20,000	Advance Income Tax	1,30,000
		Less: Provision for IT	1,20,000
			10,000

Q.2. (B)

Notes Forming Part of Accounts

Particulars	₹	₹
Reserves & Surplus		
General Reserve		
a) Opening Balance	50,00,000	
Add: Transfer	10,00,000	60,00,000
b) Debenture Redemption Reserve		
Opening Balance	10,00,000	
Add: Transfer	5,00,000	15,00,000
c) Surplus		
Profit & Loss A/c – Balance	30,00,000	

Add: Net Profit	40,00,000	70,00,000
Less: Transfer & Appropriations:		
a) General Reserve	10,00,000	
b) Debenture Redemption Reserve	5,00,000	
c) Interim Dividend	1,00,000	(16,00,000)
Total		1,29,00,000
Note: Contingent Liability		
Dividend declared after balance sheet date	4,00,000	

Q.3.

Journal Entries in the books of Monica Ltd.

Date	Sr.No	Particulars	Dr ₹	Cr ₹
2015				
Jan.1	1.	Bank A/c Dr	1,80,000	
		To Redeemable Preference share capital A/c		1,80,000
		(Being Issued preference shares of Rs 1,80,000)		
2017				
June.30	1.	Redeemable Preference Share capital A/c Dr	60,000	
		To Preference shareholders A/c		60,000
		(Being PSC tfd to Preference shareholders A/c)		
	2.	Profit & loss A/c Dr	60,000	
		To Capital Redemption Reserve A/c		60,000
		(Being Created CRR out of Divisible Profit for Redemption Preference Share)		
	3.	Preference shareholders A/c Dr	60,000	
		To Bank A/c		60,000
		(Being amount paid to preference shareholder)		
2018				
June 30	1.	Redeemable Preference Share capital A/c Dr	40,000	
		To Preference shareholders A/c		40,000
		(Being PSC tfd to Preference shareholders A/c)		
	2.	Profit & loss A/c Dr	40,000	
		To Capital Redemption Reserve A/c		40,000
		(Being Created CRR out of Divisible Profit for Redemption Preference Share)		
	3.	Preference shareholders A/c Dr	40,000	
		To Bank A/c		40,000
		(Being amount paid to preference shareholder)		
Dec 31	1	Bank A/c Dr	61,200	
		To Equity Share Capital A/c		60,000
		To Securities Premium A/c		1,200
		(Being issued Equity share at 2% Premium)		
	2.	Redeemable Preference Share capital A/c Dr	80,000	
		To Preference shareholders A/c		80,000
		(Being PSC tfd to Preference shareholders A/c)		
	3.	Profit & loss A/c Dr	20,000	
		To Capital Redemption Reserve A/c		20,000
		(Being Created CRR out of Divisible Profit for Redemption Preference Share)		

	4.	Preference shareholders A/c	Dr	80,000		
		To Bank A/c			80,000	
		(Being amount paid to preference shareholder)				

Working Note:

1.Nominal Value	=	Fresh Issue + Divisible profit
₹ 60,000	=	X + Profit & Loss = ₹ 60,000
2.Nominal Value	=	Fresh Issue + Divisible profit
₹ 40,000	=	X + Profit & Loss = ₹ 40,000
3.Nominal Value	=	Fresh Issue + Divisible profit
₹ 80,000	=	Rs 60,000 + Profit & Loss = ₹ 20,000

Q.3.

Journal Entries in the book of Hero Honda Ltd.

Date	Sr.no	Particulars	Dr ₹	Cr ₹
2013				
April 1	1.	Bank A/c	Dr	13,20,000
		To 9% Debenture A/c		12,00,000
		To Premium on issue of debenture A/c		1,20,000
		(Being Debenture issued at premium of 10%)		
2014				
Mar,31	1	P&L Appropriation A/c	Dr	3,00,000
		To Debenture Redemption Reserves A/c		3,00,000
		(Being created DRR equal to 25 %)		
2014				
Mar,31		Interest on Debenture A/c	Dr	1,08,000
		To Bank A/c		1,08,000
		(Being Paid for interest on debenture)		
2015				
Mar,31	1.	P & L A/c	Dr	1,08,000
		To Interest on Debenture A/c		1,08,000
	2.	P&L Appropriation A/c	Dr	2,25,000
		To Debenture Redemption Reserves A/c		2,25,000
	3.	Interest on Debenture A/c	Dr	1,08,000
		To Bank A/c		1,08,000
	4.	P & L A/c	Dr	1,08,000
		To Interest on Debenture A/c		1,08,000
2016				
Mar,31	1.	P&L Appropriation A/c	Dr	2,25,000
		To Debenture Redemption Reserves A/c		2,25,000
	2.	Interest on Debenture A/c	Dr	1,08,000
		To Bank A/c		1,08,000
	3.	P & L A/c	Dr	1,08,000
		To Interest on Debenture A/c		1,08,000
2017				
Mar,31	1.	P&L Appropriation A/c	Dr	2,25,000
		To Debenture Redemption Reserves A/c		2,25,000
	2.	Interest on Debenture A/c	Dr	1,08,000

	.	To Bank A/c		1,08,000
	3.	P & L A/c	Dr	1,08,000
		To Interest on Debenture A/c		1,08,000
2018				
Mar,31	1.	P&L Appropriation A/c	Dr	2,25,000
		To Debenture Redemption Reserves A/c		2,25,000
	2.	Interest on Debenture A/c	Dr	1,08,000
	.	To Bank A/c		1,08,000
	3.	P & L A/c	Dr	1,08,000
		To Interest on Debenture A/c		1,08,000
	4.	D.R.R. A/c	Dr	12,00,000
		To General Reserve A/c		12,00,000

Q.4.

In the Books of ABC Ltd.

Profit & Loss A/c for the year ended 31st March,2016

Particulars	Basis	Pre	Post-	Particulars	Basis	Pre	Post
To Salaries	W.N	1,000	12,000	By Gross profit	S.R	10,000	80,000
To Rent	W.N.4	1,200	7,500				
To Depreciation	T.R	400	1,600				
To Selling Expenses	W.N.3	2,800	15,200				
To Office Expenses	T.R	800	3,200				
To Formation Expenses	Post		2,000				
To Debenture Interest	W.N.5	1,500	12,000				
To P & L (Bal)			26,500				
To Capital Reserve (Bal)		2,300					
		<u>10,000</u>	<u>80,000</u>			<u>10,000</u>	<u>80,000</u>

Working Note

Month	Time Ratio	Sales Ratio	Salaries	Interest	Rent paid
Jan	3 Month	1	1	50,000*12/100*3/12 = 1,500	6000/15*3 = 1,200
Feb		1	1		
Marc		1	1		
Apr	12 Month	2	3	1,00,000*12/100 = 12,000	6000/15*12 = 4,800 +2700(300*9)
May		2	3		
Jun		2	3		
July		2	3		
Aug		2	3		
Sept		2	3		
Oct		2	3		
Nov		2	3		
Dec		2	3		
Jan		2	3		
Feb		2	3		
March		2 =24	3		7,500

	1:4	1:8	3:36		
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Selling Expenses:

50%		50%	
9000		50% 9,000	
1/5	4/5	1/9	8/9
1,800	7,200	1,000	8,000
PRE	POST	PRE	POST

Q.4.

In the books of Tom Ltd.

Trial Balance as on 30th September, 2018.

Particulars	Rate	Dr \$	Cr \$	Dr	Cr
Cash in hand	41	60	-	2,460	-
Debtors	41	240	-	9,840	-
Creditors	41	-	170	-	6,970
Head office A/c	Actual	-	1,140	-	43,000
Trade Expenses	40	20	-	800	-
Rent	40	20	-	800	-
Salaries	40	60	-	2,400	-
Wages	40	30	-	1,200	-
Goods From HO	Actual	800	-	39,400	-
Purchase	40	2,400	-	96,000	-
Sales	40	-	4,160	-	1,66,400
Stock	39	560	-	21,840	-
Plant & Machinery	38	1,280	-	48,640	-
Exchange Difference		-	-	-	7,010
		5,470	5,470	2,23,380	2,23,380

Trading A/c for the year ended 30th September, 2018.

Particulars	₹	Particulars	₹
To Opening Stock	21,840	By Sales	1,66,400
To Purchase	96,000	By Closing Stock	21,320
To Goods From HO	39,400		
To Wages	1,200		
To Gross profit C/d	29,280		
	1,87,720		1,87,720

Profit & Loss A/c for the year ended 30th September,2018.

Particulars	₹	Particulars	₹
To Salaries	2,400	By Gross profit b/d	29,280
To Rent	800	By Exchange Difference	7,010
To Trade expenses	800		
To Dep on Machinery	4,864		
To Net profit C/d	27,426		
	<u>36,290</u>		<u>36,290</u>

Balance Sheet as on 30th September,2018.

Liabilities	₹	Assets	₹
Head Office A/c 43,000		Plant & Machinery 48,664	
+ Net profit 27,426	70,426	Less: Depreciation 4,864	43,776
Creditors	6,970	Debtors	9,840
		Cash in hand	2,460
		Stock	21,320
	<u>77,396</u>		<u>77,396</u>