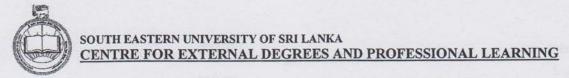
Time: 02 Hours

50,000

45,000

75,000



FIRST YEAR EXAMINATIONS IN BACHILOR OF COMMERCE (EXTERNAL) – 2011/2012

HELD IN APRIL / MAY 2013

B.COM 16(II) - FINANCIAL ACCOUNTING - II

Answer all the questions.

(1)
The following trial balance was extracted from the books of Unity Ltd as at 31.03.2012.

Calculator is allowed.

Revaluation reserve

Debtors

Creditors

Dr. Rs. Cr. Rs. Stated capital 450,000 Ordinary shares - 45,000 each Rs.10 150,000 10% preference shares-15,000 each Rs.10 300,000 Buildings-cost 300,000 Motor vehicle-cost 400,000 Machinery-cost 100,000 Furniture & fittings-cost Accumulated depreciation 30,000 Buildings 30,000 Motor vehicle 20,000 Machinery 10,000 Furniture& fittings 80,000 Stock at 1/4/2011 40,000 General reserve

Salaries	140,000	
Rent	20,000	
Electricity	22,000	
Director payments	118,000	
Audit fees	25,000	
Insurance payment	54,000	
Advertisement	12,000	
Distribution expenses	48,000	
Sales Promotion expenses	54,000	
Bills receivables	54,000	the state of
Finance expenses	10,000	enthern OF
10% Debentures		100,000
Tax paid	28,000	
Purchases	2,500,000	one prepare
Purchases Sales		4,400,000
Purchases		ALCEN, C
Purchases Sales	2,500,000	ALCEN, C
Purchases Sales Sales return	2,500,000	4,400,000
Purchases Sales Sales return Purchase return	2,500,000	4,400,000
Purchases Sales Sales return Purchase return Investments:	2,500,000	4,400,000
Purchases Sales Sales return Purchase return Investments: Listed companies	2,500,000 10,000 200,000	4,400,000
Purchases Sales Sales return Purchase return Investments: Listed companies Unlisted companies	2,500,000 10,000 200,000 100,000	4,400,000
Purchases Sales Sales return Purchase return Investments: Listed companies Unlisted companies Debenture interest paid	2,500,000 10,000 200,000 100,000 6,000	4,400,000
Purchases Sales Sales return Purchase return Investments: Listed companies Unlisted companies Debenture interest paid Bank	2,500,000 10,000 200,000 100,000 6,000 500,000	4,400,000
Purchases Sales Sales return Purchase return Investments: Listed companies Unlisted companies Debenture interest paid Bank Cash in hand	2,500,000 10,000 200,000 100,000 6,000 500,000	4,400,000

The additional information is given below.

- 1. Closing stock at 31/03/2012 was amounted to Rs.350,000
- 2. A provision for doubtful debt to be made 10% of the total debt.
- 3. Last quarter tax estimation amounted to Rs.16,000
- The depreciation polity of the company is to charge full depreciation in the year of the purchase and no depreciation in the year of disposal.
- 5. The depreciation rates are as follows:

 Buildings 5% on straight line basis

 Motor vehicle 10% on straight line basis

 Machinery 10% on straight line basis

 Furniture & fittings 10% on straight line basis
- 6. A machinery bought for Rs. 100,000 in April 2009 had been sold for Rs.50,000 during the year and sales proceeds credited to sales account. No other entries had been made regarding this disposal.
- 7. Payable rent Rs. 10,000 and prepaid electricity Rs.4000
- 8. The board of directors of the company resolved as follows.
 - a) Transferred Rs.40,000 to general reserve.
- b) Pay the preference dividend.
- c) Declare the dividend of 15% to ordinary share holders.
- 5000 ordinary shares had been issued at Rs.12 per share with right issue. No entries made for this transaction.

You are required to prepare in a form suitable for publication:

- 1. Income statement for the year ended 31.03.2012
- 2. Balance sheet as at 31.03.2012
- 3. Statement of movement in equity changes.
- 4. Statement of movement in property, plant and equipment.

(45 marks)

(2)

Beeta Ltd carried out the following investing transactions for the year ended 31.03.2012 at which date the company closed its accounts.

2011:

April 1: purchased Rs.100, 000 9% debentures at Rs. 98 (each Rs.100) with cum interest basis.

Interest payable on 1st January and 1st July each year.

April 1: purchased Rs.150,000 ordinary shares at Rs.9 (each Rs.10)

May 1: purchased Rs.75,000, 8% treasury bonds at Rs. 97 (each Rs.100) with ex interest basis.

Interest payable on 31st March and 30th September each year.

June 1: purchased Rs. 50,000, 9% debentures at Rs.101 (each Rs.100) with ex interest basis.

September 1: sold Rs. 50,000, 9% debentures at Rs.102 with cum interest basis.

October 1: sold Rs. 50,000, 8% treasury bonds at Rs. 99 with cum interest basis.

December 1: received interim dividend for ordinary shares at Rs. 1 per share.

2012:

January 1: received bonus issue for ordinary shares with the ratio of 4:1

January 31: sold Rs. 100,000 ordinary shares at Rs.12 each.

February 28: received final dividend of Rs.1.50 per shares for ordinary shares.

Assume that all interest income and dividend income received on particular dates. Ignore tax and other fees.

Your are required to prepare investment accounts for the year ended 31.03.2012.

(30 marks)

(3)

Smith Ltd entered into a contract agreement with MM Ltd on 1st August 2007 for the finance lease of a grinding machine at an annual rental of Rs. 30,000 payable in arrears on 31st July each year. The agreement is for five years and the asset is expected to have a useful life of approximately 8 years. It would have cost Smith Ltd Rs. 119,780 to purchase the machine outright. Finance charge is 8% per annum.

Smith Ltd depreciates its assets on straight line method.

You are required to prepare:

- 1. A statement for a finance lease using 'Actuarial Method'.
- 2. Related ledger accounts in the books of Smith Ltd.

(25 marks)