

THREE YEAR BSCS (CBCS) DEGREE EXAMINATION, APRIL 2018.

FOURTH SEMESTER

Part II : Accountancy

ADVANCED ACCOUNTING – II

Time : 3 Hours

Max. Marks : 75

**PART – A**

Answer any FIVE of the following questions.

(Marks :  $5 \times 3$  marks = 15 marks)

1. General ledger.
2. Explain self balancing system and its advantages.
3. Issue of shares at premium. Explain.
4. Distinguish between calls in arrear and call in advance.
5. What are debentures? Explain their features.
6. What are different methods of redemption of debentures.
7. What is profit and loss appropriation account?
8. Interim dividend.
9. Documents to be filed for the formation of a company.
10. What is profit prior to incorporation? How do you treat it in accounts?

**PART – B**

Answer any FIVE of the following questions.

(Marks :  $5 \times 12$  marks = 60 marks)

11. Prepare total debtors account and total creditors account from the following information.

Particulars	Rs.	Particulars	Rs.
Opening balance of debtors	3,000	Credit sales	9,000
Opening balance of creditors	3,000	Credit purchases	9,000
Cash sales	6,000	Discount allowed	200
Cash purchases	5,500	Discount received	150

Particulars	Rs.	Particulars	Rs.
Return outwards	200	Cash received from debtors	5,000
Return inwards	180	Cash paid to creditors	5,000
B/R received	800		
B/P accepted	800		

12. Prepare sales ledger adjustment account and general ledger adjustment account with the help of the following particulars.

	Rs.
Opening balances (Dr.)	36,000
Opening balance (Cr.)	1,500
Allowances to customers	750
Returns inward	5,250
Closing credit balance	500
Cash received from debtors	52,500
Bills receivable received	12,750
Credit sales	70,500
Bills receivable dishonoured	3,000
Bad debts written off	4,500
Discount allowed	2,250
Bad debts written off previously now received	1,500
Discount disallowed (previously allowed)	80

A credit balance of Rs. 7,500 in the purchase ledger is to be transferred to sales ledger and a debit balance of Rs. 2,500 in the sales ledger is to be transferred to purchase ledger on account of settlement of accounts.

13. C Ltd Company invited for 10,000 shares Rs. 100 each at a discount of 6% payable as follows. On application Rs. 25 on allotment (with discount) Rs. 34, on first and final call Rs. 35. The applications were received for 9,000 shares and all these were accepted. All moneys due were received except the first and final call on 200 shares which were forfeited. Out of these 100 shares were re-issued at Rs. 90 as fully paid. Give necessary journal entries.



14. XYZ CO Ltd issued 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share as follows.

	Rs.
on application	2
on allotment	8
	(including premium)
on first call	3
on final call	2

All shares offered were subscribed by the public and cash duly received. Pass journal entries to record the above issue of shares and prepare balance sheets.

15. A company issues 1000 debentures of Rs. 1000 each. Pass necessary journal entries for the issue of debentures in each of the following cases.

- Debentures issued at Rs. 950 repayable at Rs. 1,000
- Debentures issued at Rs. 950 repayable at Rs. 1,050
- Debentures issued at Rs. 1,000 repayable at Rs. 1,050 and
- Debentures issued at Rs. 1,050 repayable at Rs. 1,000.

You may assume that all the amounts due on the issue of debentures have been received.

16. Patil Ltd issued 6% debentures for Rs. 1,20,000 on 1 Jan 2002. These debentures were to be redeemable on 31 December 2005, for this purpose a sinking fund was established. The investment were expected to earn 5% net per annum. Sinking fund tables show that Rs.0.232012 invested annually at 5% amounts to Rs. 1 in four years. Show necessary ledger accounts to deal with the redemption assuming investments realise Rs. 88,000 on 31<sup>st</sup> December 2005 and the bank balance on that date was Rs. 49,000, before receipt of interest on sinking fund investment. Sinking fund investments were made the nearest Rs. 100.

17. Big Co. registered with an authorised capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each on 1.12.2005. 2,500 shares were fully called up. Following are the balances of the company on 31.12.2005 calls in arrears Rs. 5,000

	Rs.		Rs.
Stock	50,000	Bad debts	3,200
Purchases	3,00,000	Sales	4,25,000
Discount	4,200	Wages	70,000
Insurance(31.3.2006)	6,720	Discount received	3,750

	Rs.		Rs.
General expenses	8,950	Salaries	18,500
Printing and Stationery	2,400	Rent	6,000
Bonus	10,500	P and L A/c	6,220
Creditors	3,500	Advertisement	3,800
Furniture	17,100	Debtors	3,800
Reserve	25,000	Plant	80,500
		Cash at bank	1,39,700
		Loans from MD	15,700

You are required to prepare trading and profit loss account as on that date the following further information

- Closing stock Rs. 91,500
- Depreciation on plant and furniture 15% and 10% respectively
- Outstanding liabilities wages Rs. 5,200 salaries Rs. 1,200 and rent Rs. 600
- Divided 5% on paid –up capital is to be allowed.

18. A co trial balance as on 31.12.2013 is as follows.

Particulars	Dr Rs.	Cr Rs.
Share capital		12,00,000
Reserve fund		4,00,000
Debtors and creditors	4,00,000	60,000
Fixed assets	6,00,000	
Purchases and sales	10,00,000	18,00,000
Wages	6,00,000	
Establishment	1,00,000	
Stock (1.1.2013)	4,00,000	
Govt securities	6,00,000	
Dividend equalization fund		2,00,000
Income tax paid	2,00,000	
Income tax provision 1.1.2013		4,00,000
Interim dividend	1,00,000	
Interest		50,000



Particulars	Dr Rs.	Cr Rs.
Staff provident fund		50,000
Goodwill	5,60,000	
P and L a/c		4,00,000
	<u>45,60,000</u>	<u>45,60,000</u>

#### Adjustments

- Stock on 31.12.2013 Rs, 8,00,000
- Provide Depreciation on fixed assets Rs. 30,000
- Provide Rs. 1,00,000 for income tax on 31.12.2013
- Transfer Rs. 42,000 of Net profit for reserve fund.

Prepare the trading, profit and loss account for the ended 31.12.2013 and the company's balance sheet as on that date.

- A company was incorporated on 30.9.2005 to require the business of Ram from 1.4.2015. The accounts for the year ended 31.3.2016 disclosed the following.

- Gross profit Rs. 2,40,000
- Total sales Rs. 12,00,000 of which Rs. 5,40,000 related to preincorporation period
- Expenses debited the profit and loss account included directors fee Rs. 15,000 bad debts Rs. 3,600, advertising Rs. 12,000. Salaries Rs. 64,000. Donations to political party given by the company Rs. 5,000 preliminary expenses-5,000. Prepare a statement showing profit before and after incorporation.

- D Ltd was registered on 1<sup>st</sup> Jan 2007 to buy over the business on 1<sup>st</sup> Oct 2006 obtained certificate of commencement of business. On 1<sup>st</sup> February 2007. The accounts of the company for the period ended 30<sup>th</sup> sep 2007 disclosed the following facts.

- Turnover for the whole period Rs. 3,00,000 of which 50,000 related to the period from 1 oct 2006 to 1 Feb 2007.
- Gross profit Rs. 1,20,000
- The following items are appeared in the P and L a/c

	Rs.
Directors fee	2,000
Auditors fee	1,000
Rent	5,400
Bad debts (Rs. 1000 related to before 1 <sup>st</sup> Feb 2007)	3,000
Salaries	18,000
Advertising	6,000

	Rs.
Travellers expenses	9,000
Commission on sales	1,200
General expenses	2,100
Debenture interest	4,000
Preliminary exp	2,000
Depreciation on plant	1,200
Printing and stationery	1,500

Interest to vendors 12% on Rs. 50,000 from 1.10.2006 to 31.5.2007=4,000 prepare statement of Pre and post incorporation profits.

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