

GUJARAT TECHNOLOGICAL UNIVERSITY
DIPLOMA ENGINEERING – SEMESTER – III • EXAMINATION – 2015

Subject Code: 335403**Date: 11 /05 /2015****Subject Name: Financial Accounting III****Time: 02:30 PM TO 05:00 PM****Total Marks: 70****Instructions:**

1. Attempt any five questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Each question carry equal marks (14 marks)

- Q.1** (a) Explain on sinking fund Method **07**
 (b) Explain alternative uses of Share premium **07**
- Q.2** (a) Discuss Accounting Standard Board Of India **07**
 (b) Discuss Types of Underwriting Agreement **07**
 OR
- (b) Explain Vendor's suspense account. **07**
- Q.3** (a) Explain in brief the forms of share capital. **07**
 (b) Write short note on preliminary expenses **07**
 OR
- Q.3** (a) S.R.Ltd. Ltd. Issued 60,000 shares which were underwritten as follows. **07**
 A : 30,000 shares, B : 20,000 shares, C : 10,000 shares.
 The underwriters made applications for firm underwriting as follows:
 A : 5000 shares, B : 3000 shares, C : 3000 shares.
 The total subscriptions of 40,000 shares excluding firm underwriting but including marked applications for 30,000 shares. Marked applications received were as under :
 A : 12,000 shares, B : 10,000 shares, C : 8,00 shares.
 Ascertain the liability of the individual under writer. It is assumed that the credit of firm underwriting is not given to underwriters.
- (b) The ABC Co. Ltd. has the following items in its balance sheet. **07**
 Subscribed equity share capital 2,00,000
 (Shares of Rs. 10 each, Rs. 8 paid up)
 General Reserve 2,00,000
 Profit and Loss A/C (credit) 1,00,000
 The Company decided :
 To convert partly equity shares into fully paid shares.
 To issue bonus shares at Rs. 10 each at a premium of 25% on the basis of one equity share for every five equity shares held.
 Pass necessary journal entries in the books of the company
- Q.4** (a) The Mahant Co. Ltd. has the following items in the Balance Sheet. **07**
 Paid up Capital 100000
 (Shares of Rs. 10 each Rs. 8 paid)
 General Reserve 100000
 Profit and Loss A/c (credit) 50000
 The Company decided

- (1) To convert partly paid equity shares into fully paid shares.
 (2) To issue bonus shares at Rs.10 each on the basis of one equity share for every five equity shares held.
 Pass necessary journal entries in the books of the company.

(b) Explain Goodwill and Capital Reserve 07

OR

Q.4 Shah Chemicals Ltd. issued 2,000, 12% Debentures of 14

Rs.100 each on 1st January, 2003 redeemable at premium of 10%.
 Terms of issue provided that the company should set aside at the end of every year Rs.60,000 to be invested at 10% outside the business.
 The investment was sold at Rs.1,45,000 at the end of the third year and the debentures were paid off.

- (a) Give journal entries for three years in the books of the Company.
 (b) Prepare sinking fund A/c, sinking fund investment A/c, 12% Debenture A/c and Debenture Holder's A/c

07

Q.5 (a) Explain Bonus share. 07

(b) Explain the objective of preparing vertical financial statements 07

OR

Q.5 (a) The ledger balance of Mehta Ltd. for year ending 31st March, 2003 07

are as under.

Prepare final account as per the provisions of Company Act, 1956.

Debit Balance	Amount	Credit Balance	Amount
Calls in arrear (equity)	10000	10% Cumulative preference share capital	200000
Land & Building	400000	Equity share capital	400000
Plant and Machinery	700000	Creditors	70000
Stock (1-4-02)	100000	Provident fund	25000
Purchase	350000	10% Debenture	500000
Vehicles	355000	Bad debt reserve	1500
Bank Balance	75000	General Reserve	120000
Cash Balance	25000	Debenture sinking fund	120000
Sales return	1500	Fixed Deposit	200000
Wages	4000	Bills Payable	40000
Fuel	4000		20000

		Profit & Loss (1-4-02)	
Advertising expenses	11000	Sales	937000
Debenture Interest	30000	Interest on Investment	5000
Salaries	155500		
Investment	150000		
Discount & Allowance	13000		
Carriage inward	20000		
Carriage outward	25500		
Bad debt	15000		
Aditor's Fees	10000		
Debenture sinking fund investment	120000		
Furniture	14000		
Debtors	50000		
TOTAL	2638500	TOTAL	2638500

Additional Information :

- (1) Stock at end is valued at Rs.30,000.
- (2) Advertising expenses worth Rs.500 is outstanding for payment.
- (3) Reserve 5% on debtors for Bad debt.
- (4) Rs.5000 the Interest on investment has become overdue.
- (5) Provide Rs.10000 for taxation.
- (6) Company propose to pay dividend 10% on cum. pref. shares and 20% on equity shares.