Anjuman Islam Janjira Degree College of Science Murud-Janjira, Raigad-402401 Affiliated to University of Mumbai As per NEP 2020	
Class: -S.Y.B.Com (Accounting and Finances)	**Subject: Financial Accounting IV**
Semester: - IV	**Course code: -**
Exam Event: - Summer 2026 SH	**Marks: 60**
Date: - 5/03/2026	**Duration: - 2:00 Hours**

N.B. – 1 – Attempt any Four Questions.
2 – All questions have internal choice.
3 – Figures to the right indicate full marks

Q.1 Answer Following Questions:

A. From the following information, prepare the relevant Notes to Accounts. **07**

		in lakhs
1.	Cash Balance	4
2.	Interest Accrued on Investments	3
3.	Loose Tools	12
4.	Bills Receivables	28
5.	Closing Stock of Finished Goods	400
6.	Cheques / Drafts on Hand	5
7.	Sundry Debtors	80
8.	Closing Stock Raw Materials	40
9.	Stores and Spares	8
10.	Bank Balance	16
11.	Prepaid Expenses	2
12.	Closing Stock of WIP	200
13.	Provision for Doubtful Debts	8

B. K Limited has issued 3,00,000 10 percent preference shares of ₹ 10 each redeemable at a premium of 10 percent on 31 March 2025. Dividends for the years 2024 and 2025 are yet to be paid. The company's balance in general reserve stood at ₹ 15,00,000 and in profit and loss A/c was ₹ 6,00,000. To provide funds for redemption, the company:
(i) Sold investments costing ₹ 4,00,000 for ₹ 6,00,000.
(ii) Issue for cash 5,000, 12 percent debentures of ₹ 100 each at par.
(iii) Issue 1,00,000 equity shares of ₹ 10 at a premium of ₹ 4 per share. The payments of dividend, premium and capital were duly carried out. Show journal entries. **08**

Q.2 Following is the extract of Balances of Ameya Ltd. as on 31st March, 2025. **15**

Particulars	₹
Sales	1,20,00,000
Opening Stock of Raw Material	10,00,000
Opening Stock of Finished Goods	5,00,000
Purchase of Raw Material	27,00,000
Purchase Returns	2,00,000
Sales Returns	20,00,000
Interest received on Fixed Deposits	5,00,000
Miscellaneous Income	4,00,000
Freight on Raw Material	30,000
Salaries and Wages	4,00,000
Bonus to Employees	80,000
Directors Remuneration	8,00,000
Depreciation on:	—
- Land and Building	5,00,000
- Plant and Machinery	3,00,000
- Furniture	1,00,000
Interest paid on Debentures	5,00,000
Interest on Loan from Bank of Baroda	2,00,000
Repairs and Maintenance Expenses	80,000
Insurance Premium of Office Premises	30,000
Electricity Charges	40,000
Rent, Rates and Taxes	20,000
Audit Fees	50,000
Advertisement Expenses	1,20,000
Sundry Expenses	10,000

Additional Information:
(a) Closing Stock of Raw Material and Finished Goods was ₹ 5,00,000 and ₹ 6,00,000 respectively.
(b) Outstanding Electricity charges and Rent, Rates & Taxes were ₹ 10,000 and ₹ 30,000 respectively.
(c) Miscellaneous income receivable was ₹ 10,000.
(d) ₹ 50,000 to be provided for Bad and Doubtful Debts.
(e) Prepaid Advertisement expenses were ₹ 20,000.
(f) Make a provision for Income Tax of ₹ 2,00,000.

Prepare statement of Profit and Loss for the year ended 31st March, 2025 as per the provisions of the Companies Act.

Q.3: The following items appear in the Balance Sheet of Deshbandhu Limited as on 31st March 2025:

(a) Share Capital:
Equity - Authorised 5,00,000 Shares of ₹ 10 each. Issued, subscribed, called and paid up - 4,00,000 Shares of ₹ 10 each.
Preference - Authorised, Issued and Subscribed - 60,000, 12% Preference Shares of ₹ 20 each, fully paid.
(b) Investments - ₹ 3,50,000.
(c) Profit & Loss Account (Credit) Balance ₹ 7,00,000

It was decided to redeem the preference shares at a premium of 5% as on 31st March, 2025. It was further decided to:

(1) Sell investments for ₹ 3,00,000;
(2) Finance part of the redemption fully out of profits, subject to leaving a balance of ₹ 1,40,000 in the profit and loss account; and
(3) Issue sufficient number of equity shares at a premium of ₹ 2 to raise the balance of the funds required.

The above decisions have been carried out and the preference shares redeemed. Give Journal entries to record the above transactions. **15**

Q4: Beeta Limited had issued 5,000 12% Debentures of ₹ 100 each under SEBI regulations redeemable on 31st December, 2024 at a premium of 5%. The company offered three options to Debenture holders as follows: **15**

(i) 14% Preference Shares of ₹ 10 at ₹ 12;
(ii) 15% Debentures of ₹ 100 at par;
(iii) Redemption in cash.

The options were accepted as under:
(i) option by holders of 1,500 debentures;
(ii) option by holders of 1,500 debentures;
(iii) option by holders of 2,000 debentures.

The redemption was carried out by the company after creating Debenture Redemption Reserve for the minimum amount required by law. Show Journal entries.

Q5: Following is the Summary Balance Sheet of BTC Ltd. (a non-listed company) as on 31-3-2025

Liabilities	₹	Assets	₹
Share Capital	—	Sundry Assets	12,20,000
60,000 Equity Shares of ₹ 10 each	4,80,000	Cash at Bank	2,00,000
₹ 8 paid up	—	—	—
10% Preference Share Capital	5,00,000	—	—
₹ 100 paid	—	—	—
Securities Premium A/c	15,000	—	—
Capital Reserves	15,000	—	—
General Reserve	60,000	—	—
Profit & Loss A/c	50,000	—	—

Trade Payables	3,00,000	—	—
—	14,20,000	—	14,20,000

Company took all necessary steps to make the equity shares eligible for buy-back. Then company decided to issue 1,200 preference shares at par in order to buy-back 20% equity capital of the company. The new issue was fully subscribed. The company also issued 1,000, 10% Debentures of ₹ 100 each fully paid. After the issue of shares and debentures the company bought back 20% equity share capital from the open market.

Pass journal entries and prepare the Balance Sheet of the company. **15**

Q6: Write Short notes on Following (any three) **15**

(1) CRR vs DRR
(2) Limitations of Buy Back of shares
(3) Legal Provisions under section 55 of companies Act
(4) Types of preference shares