

Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics
Ponda-Goa

B. COM. (SEMESTER-II) EXAMINATION, OCTOBER 2014
ACCOUNTING
(APPLIED COMPONENT)
(NEW COURSE)

Duration: 2 Hours

Marks: 80

INSTRUCTIONS:

1. Q. No. 1 is compulsory.
2. Answer any THREE questions from Q. No. 2 to Q. No. 6.
3. Figures to the right indicate full marks.
4. Working notes should form a part of the answer wherever necessary.

(20)

Q.1. On 30th September 2014, a receiving order was made against a firm of X and Y when its Balance sheet was as follows:

Liabilities	₹	Assets	₹
X's Capital	9000	Goodwill	10000
Y's Capital	6900	Machinery	18000
Creditors	28000	Building	9000
Bank Overdraft	36000	Debtors	13500
		Stock	28960
		Cash	440
	79900		79900

Additional Information:

It was learnt that the firm had discounted bills worth ₹ 4500, of which bill worth ₹2400 is likely to be dishonoured. Bank held as security building and X's life insurance policy whose surrender value was ₹ 4800. A creditors for ₹ 9000 held machinery as a security. All assets were expected to realize 75% of book value except goodwill which was expected to realize ₹ 2000. Creditors included ₹ 1200 which were preferential. Scrutiny of accounts showed an unrecorded creditor of ₹4000. X's private estate showed a surplus of ₹ 2400 while Y's private estate showed a deficiency of ₹ 7000.

Prepare Statement of Affairs of the firm and Deficiency Account of the firm.

Q.2. Following is the Trial Balance of Anandashram Hotel as at 31st March 2014 (20)

Particulars	Debit ₹	Credit ₹
Capital		100000
Bad Debts recovered		100
Visitors Ledger Balance	4000	
Repairs and maintenance	1000	
Collection from Visitors		120000
Provision for Discount received	200	
Furniture & Fixtures	6000	
Purchase Returns		500
Postage and Telephone	800	
Purchase of Provisions	60000	
Wages and Salaries	29500	
Provision for Bad Debts		300
Drawings	2500	
Creditors		6000
Stock as on 1 st April 2013	2000	
Cash at Bank	21600	
Premises	90000	
Electricity and Gas	6800	
Bad debts	500	
Glass, cutlery and Linen	2000	
Total	226900	226900

You are required to prepare Trading and Profit & Loss Account for the year ended 31st March 2014 and a Balance Sheet as on that date after taking following into consideration.

1. Stock on 31st March 2014 was valued at ₹ 2200.
2. Advertising for ₹ 350 was due for payment but had not been included in the accounts.
3. The cost of staff meals was ₹ 500 per month.
4. Purchase invoice amounting to ₹ 1000 had not been entered in the books.
5. Provision for bad debts should be made at 5% of debtors.
6. Cash discount on creditors will amount to ₹ 180.
7. ₹ 3000 included in the purchases represents consumption by proprietor himself.

(20)

Q.3. Sunshine Ltd. held 1000, 15% Debentures of ₹100 each in MRF Ltd. as on 1st April 2013; at a cost of ₹105000. Interest is payable on 30th June and 31st December every year. On 1st May 2013; 500 Debentures are purchased cum-interest at ₹53500. On 1st November 2013; 600 Debentures are sold ex-interest at ₹57300. On 30th November 2013; 400 Debentures are purchased ex-interest at ₹38400. On 1st February 2014; 400 Debentures are sold cum-interest for ₹55000. Brokerage at 5% of the face value was payable on every purchase and sale.

Prepare Investment Account valuing holding on 31st March 2014 at cost, applying FIFO method

(20)

Q.4. Mr. Sunil filed his petition in bankruptcy as on 30th September 2014; when his Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Sundry Creditors	23900	Land & Building	28000
Bank Overdraft	17000	Plant & Machinery	15000
Bills Payable	25000	Furniture	4000
Loan from Sunil's wife	5000	Debtors	
Income tax payable	750	Good	1250
		Doubtful	600
		Bad	6000
			7850
		Bills Receivable	4250
		Cash in hand	250
		Sunils' Current A/c	12300
	71650		71650

From the following further information, prepare Statement of Affairs and Deficiency Account of Mr. Sunil:

1. Bank overdraft has first charge on land & building.
2. Sundry creditors for ₹ 5000 has second charge on land & building up to ₹ 3000
3. Loan from Mrs. Sunil is secured by charge on furniture.
4. Doubtful debts are estimated to realize ₹ 200
5. Plant & machinery are estimated to realize ₹ 9000.
6. Sunil's capital at the commencement of his business was ₹ 26000 and his trade losses were ₹ 7400, loss in speculation was ₹ 13500 and his drawings were ₹ 17400, resulting in his net debit balance of current account as shown in the Balance Sheet.
7. Income tax are to be treated as preferential creditors.

(20)

Q. 5. A company made a public issue of 10,00,000 Equity Shares of ₹ 100 each ₹ 50 payable on application. The entire issue was underwritten by four parties Sita, Mita, Rita and Gita in proportion of 30%, 25%, 25% and 20% respectively. Underwriting commission at 2% was payable on amount underwritten. Sita, Mita, Rita and Gita had also agreed on firm underwriting of 32000, 48000, NIL and 120000 shares respectively. The total subscription, excluding firm underwriting but including marked applications were Sita 192000, Mita 160000, Rita 96000 and Gita 192000.

Ascertain the liabilities of underwriters and pass necessary journal entries for all transactions.

Q. 6. On 1st October 2013 Mr. Rakesh purchased 10000 equity shares in LG Ltd. for ₹25 per share. The face value of the shares was ₹10 each. The following were the transactions for the year ended 30th September 2014. (20)

1. On 1st December 2013 purchased 10000 more equity shares at a premium of ₹18 per share.
2. On 31st December 2013 the directors of LG Ltd. issued Bonus Shares. Bonus shares were declared at the rate of one equity share for every five held.
3. Dividend for the year ended 31st December 2013 at the rate of 20 % was declared by the company and received by Mr. Rakesh on 1st February 2014. No dividend was paid on bonus shares.
4. On 1st March 2014, the directors of LG Ltd. issued Right shares to the existing shareholders. Right would entitle the holders to subscribe to the additional equity shares in the company at the rate of one share for every three held at ₹ 20 per share. The sum being payable on 31st March 2014. Mr. Rakesh exercised his option to 50% of his entitlements as under the right issue and the balance right he sold to Mr. Kumar for a consideration of ₹2.50 per share.
5. On 1st July 2014 an interim dividend for six months ending 30th June 2014 at 20% p.a. was paid by the company. No dividend was paid on right shares.
6. On 1st August 2014 Mr. Rakesh sold 20000 equity shares at ₹ 30 per share.

Show Investment Account in the books of Mr. Rakesh for the year ending 30th September 2014.

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