

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS
PONDA GOA

B. COM. (SEMESTER – III) EXAMINATION, OCTOBER 2015
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.

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Q.1. On 1st October 2014, Green Ltd. had 4000, 12% Government Bonds at a cost of ` 360000. The face value of Bonds was ` 100 each. Interest on Bonds was receivable every year on 30th June and 31st December. The following were the transactions for the year ending 30th September 2015.

1. On 1st December 2014 purchased 2000 Bonds at ` 98 each cum-interest.
2. On 1st February 2015 sold 2000 Bonds at ` 105 each ex-interest.
3. On 1st April 2015 purchased 3000 Bonds at ` 99 each ex-interest.
4. On 1st August 2015 sold 2000 Bonds at ` 105 cum-interest.

Brokerage at 4% of the face value was payable on every purchase and sale.

Prepare Investment Account for the year ending 30th September 2015 valuing holdings at cost applying FIFO method.

(20)

Q.2. A company made a public issue of 10, 00,000 Equity Shares of `10 each at a premium of `10 per share. Entire amount was payable on application. The entire issue was underwritten by three parties P Ltd., Q Ltd. and R Ltd. in the proportion of 50%, 25% and 25% respectively. Underwriting commission at 1.5% was payable on amount underwritten. P Ltd., Q Ltd. and R Ltd. had also agreed on firm underwriting of 40000, 50000 and 110000 shares respectively. The total subscription, excluding firm underwriting but including marked applications were 720000 shares. Marked applications received were P Ltd -100000, Q Ltd.-160000 and R Ltd. - 90000.

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

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Q. 3. On 1st January 2014 Alpha Ltd. Purchased 30000 Equity shares in Beta Ltd at ` 30 per share. The face value of shares is `10 each. On 1st February 10000 shares were purchased at `25 per share. On 1st March the directors of Beta Ltd. issued right shares to its existing shareholders. Right would entitle the shareholders to subscribe for one equity shares for every four shares held at `20 per share. Alpha Ltd. purchased 6000 shares under the right issue and sold the balance right at `5 per share. These shares were not to rank for the dividend for the year ending 31st March 2014. On 1st July 2014 the directors of Beta Ltd. declared a dividend at the rate of 30% for the year ending 31st March 2014. On 1st October purchased 10000 shares at `30 per share. On 1st December 2014 sold 30000 shares at `60 each.

Prepare Investment for the year ending 31st December 2014.

(20)

Q. 4. The firm of Hari and Krishna became insolvent on 30th September 2015, when their Balance Sheet was as under

Liabilities	`	Assets	`
Capital Balances		Building	150000
Hari	200000	Furniture	10000
Krishna	150000	Debtors	270000
Creditors	570000	Stock	400000
		Bills Receivables	80000
		Cash on hand	10000
	920000		920000

Additional Information:

One of the creditors for `120000 held first charge on firms building. Another creditor for `80000 held second charge on building. One creditor for `70000 held a mortgage on Hari's private furniture. Creditors of `10000 were preferential. Remaining creditors were unsecured.

The assets of the business realized as Building `180000, Furniture `8000, Bills Receivables `40000 and stock `170000, Debtors `100000.

The private assets and liabilities of Hari: Furniture `80000 expected to realize `10000, House worth `90000 expected to realize `60000. His private creditors were `320000.

The private assets and liabilities of Krishna: House `100000 estimated to realize `30000. His private creditors were `20000.

Prepare Statement of Affairs and Deficiency Account of the firm.

(20)

Q.5. The Trial Balance of Sea View Hotel as on 30th September 2015 is as follows:

Particulars	Debit	Credit
Capital		500000
Visitors Ledger Balance	220000	
Repairs and maintenance	40000	
Collection from Visitors		5000000
Furniture & Fixtures	350000	
Purchase Returns		50000
Postage and Telephone	100000	
Purchase of Provisions	3274000	
Wages	100000	
Salaries	300000	
Provision for Bad Debts		10000
Suppliers Account		250000
Stock as on 1 st October 2014	500000	
Cash at Bank	120000	
Premises	1000000	
Gas	40000	
Electricity	60000	
Bad debts	3000	
Glass and cutlery	200000	
Linen	53000	
Kitchen Equipment	500000	
18% Loan		1000000
Visitors Ledger		150000
Drawings	100000	
Total	6960000	6960000

The following additional information is available:

1. Stock of provisions on 30th September 2015 is `500000.
2. Write off `5000 as further bad-debts and make a provision of 10% on debtors.
3. Make a provision for discount on creditors at 5%.
4. Food items worth `6000 were consumed by the proprietor
5. An advance of `40000 received from customer was refunded but no entry was passed for the same.

You are required to prepare Trading and Profit & Loss A/c for the year ending 30th September 2015 and Balance Sheet as on 30th September 2015.

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Q.6. Shri M finds himself insolvent on 30th June 2015. His position was as follows:

Particulars	Amount
1000 shares in Apex Ltd. (Estimated to Produce ` 5000)	25000
2000 shares in Deal Ltd. (Estimated to realize `75000)	91500
Creditors on open account	85600
Creditors holding a second charge on the Shares in Deal Ltd.to the extent of `25000	30000
Creditors holding first charge on shares in Deal Ltd.	40000
Bills Payable	4000
Creditors for rent, rates, taxes, wages etc. (of which `4600 are preferential)	5000
Furniture (estimated to realize `3000)	15000
Cash in hand	550
Stock in trade (estimated to realize `30450)	35950
Bills Receivables (estimated to realize `7000)	9000
Debtors -Good	5000
-Doubtful (estimated to produce `25000)	30000
-Bad	15000
Loss through Betting	2000

Shri M started business on 1st July 2012 with a capital of `70000 and the business resulted in a profit of `8800 and `10100 for the first two years respectively and in a loss of `5000 for the third year, after allowing `3500 as interest on capital each year. Withdrawals for the whole period amounted to `30000.

Prepare Statement of Affairs and Deficiency Account

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