

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

**B. COM. (III-SEMESTER) SUPPLEMENTARY EXAMINATION, MAY/JUNE 2017  
ACCOUNTING  
(APPLIED COMPONENT)**

**Duration: 2 Hours**

**Marks: 80**

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**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 31<sup>st</sup> March 2017 Mr. Prasad filed his petition to be declared insolvent. His Balance Sheet on that date stood as follows:

Liabilities	Amount	Assets	Amount
Capital	19500	Goodwill	10000
Loan	110000	Premises	90000
Bank Overdraft	42600	Machinery	54000
Creditors	98700	Furniture	19500
		Patents	1300
		Stock	52500
		Debtors	32400
		Bills Receivable	10000
		Cash in hand	1100
	270800		270800

Following additional information is available:

1. The assets realized as: Premises ` 90000, Machinery `16000, Furniture `11000, Stock ` 25000 and Bills receivables `10000.
2. Goodwill and patents did not realize any amount.
3. Debtors: Good `18400, Doubtful `10000 to realize `5000 and Bad `4000.
4. Loan was secured by mortgage on premises.
5. The break-up of creditors was as follows:
  - a. Preferential creditors for wages taxes and rent ` 4500
  - b. Creditors by charge on Machinery ` 20000
6. Prasad started business on 1<sup>st</sup> April 2013. In the first year he made profit of `72600. For the remaining three years he suffered losses of ` 59600.
7. His drawings for the period were ` 13000.

Prepare Statement of Affairs and Deficiency Account

Q. 2. Following is the Trial Balance of Hotel Queeny as on 31<sup>st</sup> March 2017

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Kitchen Equipment	150000	Capital	300000
Land & Building	400000	12% Loan from Bank	100000
Furniture	80000	Suppliers Account	100000
Stock on 1-4-2016	44000	Bank overdraft	50000
Salaries	110000	Bills Payable	50000
Printing & Stationery	2000	Collection from visitors	580000
Purchase of provisions	235000	Miscellaneous income	20000
Telephone Charges	5000		
Wages	56000		
Cash in hand	6000		
Interest on loan	6000		
Rent, Rates & Taxes	3000		
Bad-debts	4000		
General expenses	7000		
Visitors Ledger	72000		
Cash at Bank	20000		
	1200000		1200000

You are required to prepare Trading and Profit & Loss Account for the year ending 31<sup>st</sup> March 2017 and Balance Sheet as on that date after taking into consideration the following adjustments:

1. Stock as on 31<sup>st</sup> March 2017 was `40000.
2. Salaries outstanding `2000.
3. Write off `2000 as bad debts.
4. Create a provision for doubtful debts at 5% on debtors.
5. Unrecorded purchases amounted to `10000
6. Proprietor consumed meals worth `8000
7. Staff was provided with free meals worth `18000.

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Q. 3. Mrs. Sarita had as on 1<sup>st</sup> April 2016 `300000 (cost `280000), 12% Debentures of the face value of `100 each. Interest is receivable half yearly on 31<sup>st</sup> December and 30th June. The following purchases and sales were made of the investments during the accounting year ended 31<sup>st</sup> March 2017.

1. Sale on 1<sup>st</sup> June 2016, Face value `100000 @ `108000 cum interest.
2. Purchases on 1<sup>st</sup> August 2016, Face value `50000 @ `48000 cum interest.
3. Purchases on 1<sup>st</sup> October 2016, Face value `50000 @ `49000 ex- interest.
4. Sales on 1<sup>st</sup> February 2017, Face value `250000 @ `260000 ex-interest.

Write up Investment Account for the year ending 31<sup>st</sup> March 2017 valuing closing balance on FIFO basis.

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Q. 4. The Partnership Firm of Anil and Sunil became insolvent on 31<sup>st</sup> December 2016, when their Balance Sheet was as under:

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Anil's Capital	100000	Building	300000
Sunil's Capital	100000	Furniture	80000
Loan from Bank	250000	Debtors	129000
Creditors	110000	Stock	40000
		Bills Receivables	10000
		Cash on hand	1000
	560000		560000

Additional Information:

Loan from Bank was secured by a charge on Building. One of the creditors for ₹100000 had charge on furniture. Another creditor for ₹2000 held a mortgage on Anil's private furniture. Preferential creditors were ₹1000. Remaining creditors were unsecured.

The assets of the business were expected to realize as under:

Building ₹180000, Furniture ₹60000, Bills Receivables ₹4000, and stock ₹17000. Of the debtors ₹50000 were doubtful and expected to realize ₹15000 and ₹70000 were bad.

The private assets and liabilities of the partners were:

Mr. Anil: Furniture of ₹8000 expected to realize ₹1000, which was mortgaged with the firm's creditors as stated above. House worth ₹9000 expected to realize ₹6000. His private creditors amounted to ₹32000. Mr. Sunil owned a house worth ₹10000 estimated to realize ₹3000. His private creditors were ₹2000.

Prepare Statement of Affairs and Deficiency Account of the firm.

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Q. 5. Marico Ltd. invited applications for 2, 00,000 Equity shares of ₹10 each at a premium of ₹5 per share. The entire issue was underwritten by underwriters Navita, Savita, Kavita and Mavita to the extent of 30%, 30%, 20% and 20% respectively with a provision of firm underwriting of 6000, 4000, 2000 and 2000 shares respectively. The underwriters were entitled to a commission of 2%. The company received application for 140,000 shares from public excluding firm underwriting of which applications for 38000, 20000, 42000 and 16000 were marked in favor of Navita, Savita, Kavita and Mavita respectively.

Calculate the liability of the underwriters and pass necessary journal entries for the same.

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Q. 6. On 1<sup>st</sup> January 2016 Miss Shaheen had 10000 equity shares in Atlas Ltd. The face value of the shares was `10 each, but their book value was `15 per share. The following were the transactions for the year ended 31<sup>st</sup> December 2016.

1. On 1<sup>st</sup> February the directors of Atlas Ltd. issued Bonus Shares. Bonus shares were declared at the rate of one equity share for every five held.
2. On 1<sup>st</sup> April 2016, the directors of Atlas 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 `14 per share. Miss Shaheen exercised her option to 50% of his entitlements as under the right issue and the balance right she sold to Miss Shabnam for a consideration of `2 per share.
3. Dividend for the year ended 31<sup>st</sup> December 2015 at the rate of 15% was declared by the company and received by Miss Shaheen on 30<sup>th</sup> April 2016.
4. On 1<sup>st</sup> August 2016 Miss Shaheen purchased 3000 shares at `14 per share.
5. On 1<sup>st</sup> October 2016 Miss Shaheen sold 12000 equity shares at a premium of `6 per share.

Show Investment Account in the books of Miss Shaheen for the year ending 31st December 2016.

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