

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. (SEMESTER-III) EXAMINATION, OCTOBER 2017
ACCOUNTING
(APPLIED COMPONENT)

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)

Q1. Mr. Kishorilal had on 1 January 2016, ` 49000, 8% Government loan, the cost of which was shown at ` 55000. Interest is payable every year on 31 March and 30 September.

- I. On 1 March 2016 Mr. Kishorilal purchased ` 36000 Government loan at 6% premium ex interest.
- II. On 31 July 2016 a further loan of ` 25000 purchased at 7% premium cum interest.
- III. On 31 October 2016 loan of ` 10000 sold at 8% premium cum interest.
- IV. On 1 December 2016, loan of ` 50000 purchased at par ex interest.

A brokerage of 1% has to be paid on sales and purchases.

Prepare investment account of Mr. Kishorilal using FIFO method for the year ended 31 December 2016.

(20)

Q2. A company made a public issue of 400000 equity shares of ` 50 each at a premium of ` 50 per share. The entire amount was payable on application. The entire issue was underwritten by four parties; Raghu, Rohan, Mohan and Ramesh in the proportion 1:1:1:1 respectively. Underwriting commission at 1.5% was payable on amount underwritten. Raghu, Rohan, Mohan and Ramesh had also agreed on firm underwriting of 15000, 10000, 5000 and 5000 shares respectively. The total subscription, excluding firm underwriting but including marked applications were 320000 shares. Marked applications received were; Raghu: 15000, Rohan: 25000, Mohan: 5000 and Ramesh: 5000.

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

(20)

Q3. Following is the trial balance of Hotel M as on 30 September 2017

Particulars	`	`
Kitchen equipment	20000	
Land and building	100000	
Furniture	10000	
Stock on 1 October 2016	100000	
Insurance	2000	
Printing and stationery	2150	
Purchase of provisions	300000	
Collection from visitors		500000
Office equipment	20000	
Wages	10000	

Salaries	40500	
Cutlery, crockery and linen	45850	
Bank balance	77300	
Capital:		
Viru		190000
Jay		90000
Repairs and renewals	15000	
Bad debts	500	
Postage and telephones	9000	
Visitors ledger	20000	
Cash balance	20000	
Gas and electricity	5000	
Drawings:		
Viru	30000	
Jay	20000	
Suppliers a/c		50000
Discount received		300
Provision for doubtful debts		1000
Visitors ledger		16000
TOTAL	847300	847300

Additional information:

1. Closing stock of provisions ` 14000.
2. Write off ` 900 as bad debts and make a provision for bad debts 6%.
3. Collection from visitors ` 2000 was not recorded in the books.
4. Cost of staff meals amounted to ` 10000.
5. Provide interest on capital @5% per annum.
6. Partners are entitled to salaries ` 10000 and ` 17000 respectively.

Prepare trading and Profit & loss a/c and Profit & loss appropriation a/c for the year ended 30 September 2017 and Balance sheet as on that date.

(20)

Q4. From the following information prepare a statement of affairs and deficiency account of Mr. Ashish who was declared insolvent on 1 January 2017. His capital was ` 7000 and his drawings were ` 7000. His net loss was ` 7800.

- i. Book debts ` 10000 of which ` 8000 was considered good and the balance estimated to produce ` 1000.
- ii. Stock (book value ` 15000) estimated to produce ` 9000.
- iii. Machinery (book value ` 16000, cost price ` 18000) estimated to produce ` 11000
- iv. Private property valued at ` 12000. The asset was used as security against a bank overdraft of ` 8000
- v. Mr Ashish had a private loan of ` 10000 secured by his life policy whose surrender value was ` 6000.
- vi. His unsecured creditors amounted to ` 40300 and he owed salary to clerk, ` 500 of which ` 200 was preferential.

(20)

Q5. On 1 January 2016 Mr. Ram had 15000 equity shares in Narka Ltd. The face value was `10 each and book value `15 each. Following are the transactions for the year ended 31 December 2016:

1. On 1 February 2016 the directors of Narka Ltd issued bonus shares @ one equity share for every five held.

2. On 1 April 2016 the directors of Narka Ltd issued right shares to existing shareholders @ one share for every three held at `14 per share. Mr. Ram exercised his option to 50% of his entitlements and the balance right was sold to Miss. Shabnam for a consideration of ` 2 per share.
3. Dividend for the year ended 31 December 2015 @15% was declared by company and received by Mr. Ram on 30 April 2016.
4. On 1 August 2016 Mr. Ram purchased 3000 shares at `14 per share
5. On 1 October 2016 Mr. Ram sold 12000 equity shares at premium of `6 per share

Prepare Investment account of Mr. Ram for the year ended 31 December 2016.

(20)

Q6. Mr. Penn is declared insolvent. He supplies the following information as on 31 March 2017

Particulars	`
Creditors for goods	52500
Preferential creditors	2800
Bank loan secured by lien on stock having book value `35000	17500
Cash in hand	100
Furniture (expected to realize `3500)	7000
Stock (expected to realize 60%)	52500
Book debts (good)	7000
Book debts (expected to realize 40%)	17500
Bills receivable (expected to realize ` 3500)	8750
Liability on bills discounted (expected to rank ` 3500)	10500
Loan from Mrs Penn	17500

Mr. Penn commenced business six years ago with a capital of ` 43750. His drawings were ` 8750 each year. His overall profits amounted to `11300. Mr. Penn had personal assets worth ` 7000. Prepare Statement of Affairs and Deficiency account of Mr. Penn.

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