

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. CBCS (SEMESTER – VI) EXAMINATION, AUGUST 2020
ACCOUNTING – II (DSE 7)

Duration:- 2 Hours

Marks: 30

Instructions: 1) All questions are *compulsory*.
 2) Give *working notes* wherever is necessary.

Q. 1) Answer any Five from the following: **(5x2 = 10)**

- a) Mercantile system of accounting
- b) Memorandum book
- c) Brokerage
- d) Dividend
- e) Bonus shares
- f) Right shares
- g) Redemption of debentures
- h) Discount on securities

Q. 2) Answer any Four from the following: **(4x5 = 20)**

- a) Dr. Rahul started his practice as a cardiologist with equipments worth ₹ 10,00,000 on 1st January, 2019. His receipts and payments account for the year 2019 was as under:

Receipts and Payments account for the year ended 31st December, 2019

Receipts	₹	Payments	₹
Fees received	6,80,000	Salary to staff	29,00
Sundry receipts	15,000	Rent of the clinic	6,500
		Stationery	500
		Library books	70,000
		Furniture and fixtures	25,000
		Equipment purchased	1,75,000
		Drawings	97,000
		Cash at bank	2,92,000
	6,95,000		6,95,000

Other Information;

- a) Prepaid rent of the clinic ₹ 500.
 - b) Salary to the staff due but not paid ₹ 3,000.
 - c) Depreciate equipments at 15%, furniture at 10% and library books at 20%.
- Prepare the Receipts and Expenditure Account of Dr. Rahul for the year ended 31st December, 2019.

- b) Raj Ltd. issued 1,000 8% debentures of ₹ 100 each at par repayable at the end of 2 years at a premium of 10 % On 1st April, 2018. It was decided to create a sinking fund for the redemption of debentures. The reference to the sinking fund table shows that Re. 0.464000 invested annually at 5 % compound interest amounts to Re. 1 at the end of two years. The Investments are expected to earn interest at 5 % per annum.

On 31st March, 2020, the Investments were sold for ₹ 1,10,000 and the debentures were redeemed.

Pass the necessary journal entries in the books of Raj Ltd. for the redemption of debentures under the Sinking Fund Method for two years.

contd....2/-

- c) Mr. Satish purchased and sold 8% debentures of Selco Ltd. From the following purchases and sales transactions of Mr. Satish, prepare 8% Debentures A/c for the year ended 31st March, 2020 :

Date	Transactions
01/04/2019	Held 1,000, 9% debentures of ₹ 100 each at ₹ 110 each.
01/10/2019	Bought 1,500, 8% debentures of ₹ 100 each at ex-interest price of ₹ 95 each.
01/01/2020	Sold 500, 8% debentures of ₹ 100 each at ₹ 105 cum interest.
	Company pays interest on debentures on 1st October and 1st April every year.

- d) XYZ Ltd. issued 600 9 % debentures of ₹ 100 each at par on 1st January, 2018. The terms of the issue of debentures provided that the company provides for a sinking fund for the redemption of debentures on 31st December, 2019. The company decided to buy an insurance policy to provide the necessary funds for the redemption. The annual insurance premium payable to the insurance company works out to be ₹ 27,000.
Prepare i) Insurance Policy Fund Account, and ii) Insurance Policy Fund Investment Account in the books of XYZ Ltd. for two years.

- e) Mr. Lad is a lawyer by profession who housed his office in a part of his own house. His income and expenses related to household and profession for the year 2019 were as follows:

Staff salary	25,000
Water and Electricity bills	970
Motor car expenses	6,000
Driver's salary (full year)	21,600
Household maid's salary	6,000
Milk and Ration (household)	9,600
Notional rent of the clinic	24,000
Printing and Stationery (profession)	2,000

Additional Information:

- The entire profit from the profession of ₹ 3,00,000 was drawn for household expenditure.
 - Allocate the car expenses and driver's salary equally between household and profession.
 - Distribute the water and electricity bills between household and profession in the ratio of 4 : 1 respectively.
Prepare the Household expenses A/c of Mr. Lad for the year ended 31st March, 2019.
- f) From the following information of Nelco Ltd., journalize the issue and redemption of debentures transactions and prepare Debentures Account and Debenture Holder's Account in the books of the company :
- Issued 20,000 12 % debentures of ₹ 100 each at a discount of 8 % on 1st April, 2017.
 - Redeemed the debentures issued on 1st April, 2017 at a premium of 4 % on 31st March 2020.