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**T.Y.B.Com Semester VI (CBCS) Ordinance
EXAMINATION MAY 2023
Accounting Major VII - Accounting II**

[Time:2 Hours]

[Max. Marks:80]

- Instructions:**
- 1) Question No. 1 is compulsory.
 - 2) Answer any **three** questions from Question No. 2 to Question No. 6.
 - 3) Figures to the right indicate marks to the question/sub-question.

- Q.1 Cosmo Ltd. issued on 1st April, 2014; 2,000, 14% redeemable debentures of Rs. 100/- each at par, redeemable at a premium of 10% after 4 years. The company decided to set up a sinking fund for the redemption of the debentures setting aside necessary amount every year and investing it in investments carrying 12% interest per annum. The sinking fund factor for 4 years @ 12% was Rs. 0.20964. On 31st March, 2018; the sinking fund investments were sold for Rs.1,60,000/-. Prepare the following ledgers for the period of 4 years:
- a) Sinking Fund Account, and
 - b) Sinking Fund Investment Account.

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- Q.2 Following is the trial balance of Mr. Dessai, a solicitor as on Dec 31,2018:

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Particulars	Dr.	Cr.
Salaries	2,40,000	
Office expenses	66,000	
Furniture	60,000	
Capital		1,32,000
Drawing	2,04,000	
Rent	72,000	
Typewriters	48,000	
Library	36,000	
Bank (office)	63,000	
Bank (clients)	56,400	
Clients' Deposited Account		36,000
Provision for unrealised profile		38,400
Opening work-in-progress	26,400	
Clients' disbursements	30,000	

Profit cost		7,53,600
Amounts owing for bills of cost delivered	57,600	
	9,60,000	9,60,000

Additional Information:

- a) An amount of Rs. 2,400 has been paid out of the balance in Clients' Disbursements Account and it has been credited to Clients' Deposit Account.
- b) Depreciate library @ 20% and Furniture and Typewriters @ 10%.
- c) Sundry small disbursements debited to the Office Expenses Account are included in the Bills of Costs sent to the clients. On Dec 31, 2018, items amounting to Rs 36,000 on the debit side of Clients Disbursements Account were not charged in the Bill of Costs.
- d) Work in progress on Dec 31, 2018 was Rs 45,000
- Q.3 a) Mr. Fernandes furnishes the details of his holdings in 7% Government Bonds with a face value of Rs.100 each: 10
 On 1.1.2017: Opening balance - face value Rs. 30,000-cost Rs. 29,500.
 On 1.3.2017: Purchased 50 units ex-interest at Rs. 98.
 On 1.7.2017: Sold 100 units ex-interest at Rs. 100.
 Mr. Fernandes closes his books every December 31st. Interest is payable on March 31st and September 30th every year.
 Prepare the Investment Ledger in the books of Mr. Fernandes.
- b) On 1st May 2018, Mr. Agarwal purchased 10,000 Equity shares of Moonlight Ltd. (Face value of Rs. 10/- each) at Rs. 20/- per share. On 1st July, 2018 he sold 2,500 Equity shares of Moonlight Ltd. @ Rs. 21/- per share. The Board of Directors of Moonlight Ltd. announced rights issue of Equity shares, in ratio of one share for every three shares held, at Rs. 20/- each, full amount was payable by 31st August 2018. Shareholders were allowed to renounce their right either in part or full to the outsiders. Mr. Agarwal renounced 40% of his rights at Rs. 5/- per share and subscribed for the balance. 10
 Prepare the Investment Ledger in the books of Mr. Agarwal for the year ended 31st March 2019.

- Q.4 The summarised Balance Sheet of Seagull Ltd. as on 31st December, 2018 (20) being 20 the date of winding up is as under:

Liabilities	Amount	Assets	Amount
2,500,10% Cumulative Preference Shares of Rs.100/- each, fully paid up.	2,50,000	Land and Building	2,60,000
2,500 Equity shares of Rs. 100/- each, Rs. 50/- paid	1,50,000	Plant and Machinery	3,90,000
2,500 Equity shares of Rs. 100/- each, Rs. 50/- paid	1,25,000	Stock in Trade	1,62,500
Securities premium	3,75,000	Book Debts	5,12,500
10% Debentures	1,05,000	Profit and loss Account	2,75,000
Preferential creditors	52,500		
Bank Overdraft	2,42,500		
Trade Creditors	3,00,000		
	16,00,000		16,00,000

The preference dividends were in arrears for three years.
The assets were realised as follows;

Particulars	Amount
Land and Building	3,10,000
Stock in Trade	1,55,000
Plant and Machinery	3,55,000
Book Debts	3,30,000

Expenses of liquidation are Rs. 43,000/-. The remuneration of the liquidator is 2% of the realisation of the assets. Income tax payable on liquidation is Rs. 33,500/-. Prepare the Liquidator's Final Statement of Account.

- Q.5 Arjun Ltd. issued 6,000, 8% Debentures of Rs. 100/- each at par on 1st January 2016. The terms of the issue included that the company provide a sinking fund for redemption of debentures on 31st December 2019. The company decided to take out an insurance policy to provide for the necessary cash to facilitate the redemption of debentures. The annual insurance premium payable to the insurance company being Rs. 1,38,000/-. Prepare the following ledgers for the period of 4 years; 20
- a. 8% Debenture Account,
 - b. Debenture Redemption Fund Account, and
 - c. Debenture Redemption Insurance Policy Account.

- Q.6 Answer any four of the following: 4x5=20
- i) Explain in brief Hybrid System of accounting.
 - ii) Write short note on Ex-interest and Ex-dividend.
 - iii) Write a short note on Types of Investments.
 - iv) What do you understand by Redemption out of profit?
 - v) Explain Insurance policy method.
 - vi) Distinguish between Winding up and Dissolution.