Vidya Vikas Mandal's

Shree Damodar College of Commerce & Economics, Margao Goa

First Year B.Com – Semester I

Semester End Examination, October – 2015

ACCOUNTING

Duration: 2 Hours

Max. Marks: 80

Instructions: 1. Question No. 1 is compulsory
2. Attempt any three questions from Q. No. 2 to Q. No. 6
3. Figures to the right indicate marks allotted to the question
4. Give working notes where required

Q.No.1 Gulbarga Mining Co. took a mine on a lease at a Royalty of Re. 1 per ton. The Minimum rent was fixed at Rs. 4,000 for the first year, Rs. 6,000 for the second year and Rs. 8,000 per year thereafter. Short workings of any year could be recouped out of the Royalty of next two years only. The Production during the first five tears was as follows:

Year	1	2	3	4	5
Ton	2,000	4,500	6,000	9,000	12,000

Prepare Royalty A/c, Short workings A/c and Landlords A/c in the books of Gulbarga Mining Company.

20 mks

Q.No.2 The Surbhi Ltd. has authorised capital of Rs. 5,00,000 divided into 50,000 shares of Rs. 10 each. The company issued a prospectus inviting applications for 30,000 shares of Rs.10 each at a premium of Rs. 12 per share, payable as follows:

On application Rs. 2

On allotment Rs.5 (including premium)

On first call Rs.3

On second & final call Rs.2

The company received applications for 45,000 shares and pro-rata allotment was made in respect of application of 40,000 shares and the remaining applications were rejected. Money overpaid on applications was employed on account of sum due on allotment. All the calls were made.Mr. Kundan to whom 30 shares were allotted failed to pay the two calls. The company decided to forfeit the shares allotted to Kundan. These shares were subsequently reissued to Apoorva as fully paid for Rs. 9 per share.

Pass necessary journal entries in the books of the company.

20 mks

Q.No.3 Veena Textiles Ltd. purchased motor lorries on hire purchase system over a period of four years. Rs. 12,000 was payable on delivery on 1st January 2010 and the balance by 4 annual instalments of Rs. 12,000 each on 31st December. Manju Motors limited who sold the lorries charged 5% per annum interest on the yearly balances. The cash value of the lorries on delivery was Rs. 54,551. Depreciation at the rate of 25% on diminishing balances was written off in each year.

Prepare Motor lorries A/c, Manju Motors ltd A/c, Interest A/c and Depreciation A/c in the books of Veena Textiles Ltd. **20 mks**

Q.No.4 Balance Sheet of Salgaonkar Ltd. as at 31st December 2013 was as follows:

Particulars	**Notes**	**Amt (Rs)**	**Amt (Rs)**
(A) Equity and Liabilities			
(1) Shareholders Funds			
Share Capital	1	1,40,000	
Reserves and Surplus	2	65,000	2,05,000
(2) Current Liabilities			
Trade Payables			20,000
Total			**2,25,000**
(B) Assets			
(1) Non Current Assets			1,32,000
(2) Current Assets	3		93,000
Total			**2,25,000**

Notes forming part of Financial Statements:

Particulars	**Notes**	**Amt (Rs)**
Share capital	1	
Authorised, Issued and Called up		
9,000 Equity shares of Rs. 10 each		90,000
500 6% Redeemable Preference shares of Rs. 100 each		50,000
Total Share Capital		**1,40,000**
Reserves and Surplus	2	
Capital Reserve		5,000
Securities Premium		10,000
General Reserve		20,000
Profit & Loss A/c		30,000
Total		**65,000**
Current Assets	3	
Current Investments		36,000
Inventories		22,000
Trade Receivables		15,000
Cash and cash equivalents		20,000
Total		**93,000**

The preference shares were due for repayment on 31st January 2013 and the company decided to redeem them at a premium of 5%. For the purpose of redemption, the company made fresh issue of 1,000 new equity shares of Rs. 10 each at Rs. 12 per share payable in full. On 15 th January 2013 these shares were fully subscribed and all cash was collected. The company sold 75% of the investments for Rs. 26,000. The directors wish that only of minimum reduction should be made in the revenue reserve. The redemption was duly made on 31st January 2013.

Pass journal entries for the above transaction and draw up the Balance Sheet after redemption of preference shares. **20 mks**

Q.No.5 Ganesh purchased a machine from ABC ltd on Instalment Purchase system and agreed to pay the amount as under: **20 mks**

On 01-01-2001 Rs. 10,000 on taking delivery

On 31-12-2001 Rs. 10,000 first instalment

On 31-12-2002 Rs. 15,000 second instalment

On 31-12-2003 Rs. 20,000 third instalment

ABC ltd charged interest @ 5% p.a. the cash price of the machine is Rs. 50,400. Asset is depreciated at 10% p.a. on reducing balance method.

Prepare Machinery A/c, ABC ltd A/c, Interest Suspense A/c, Interest A/c in the books of Ganesh.

Q.No.6 Write short notes on Any four of the following: **20 mks**

A. Sub – lease Agreement

B. Repossession of goods

C. Instalment purchase system

D. Book building

E. Capital redemption reserve

F. Forfeiture of shares