

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics Margao Goa**  
F.Y.B.Com Semester-I, Semester End Examination, Oct 2017 (Old Course)

**Sub: - Foundation Course-Accounting**

**Duration:-2 hrs**

**Marks:-80**

- Instructions:**
- 1) Q.No.1 is compulsory
  - 2) Attempt any three questions from Q.No.2 to Q.No.6.
  - 3) Figures to the right indicate maximum marks.
  - 4) Start each question on a fresh page

Q.1) Gaurish & Co .Ltd was registered with a capital of Rs 15,00,000 divided into 1,50,000 shares of Rs 10 each. The company offered to the public for subscription 90,000 shares at a premium of Rs 2 per shares payable as follows,

- Rs 2 on application
- Rs 5 on allotment (Including premium)
- Rs 3 on first call
- Rs 2 on final call

The company received applications for 1,35,000 shares and Pro-rata allotment was made in respect of applications of 1,20,000 shares and the remaining applications rejected. Excess money paid on applications was adjusted against the amount due on allotment.

All the calls were made and duly received except Mr. Bakshi to whom 90 shares were allotted failed to pay the two calls.

Pass Journal Entries and show how the items would appear in Balance Sheet in the books of Gaurish & Co Ltd. **(20 marks)**

Q.2) Eastern Collieries Ltd leased a coalfield from Mr. Ajay at a royalty of Rs 6 per tonne with the minimum rent of Rs 8,000 per annum. Each year's excess of minimum rent over royalties is recoverable out of royalties of the next 3 years.

In the events of strike the minimum rent would be reduced proportionally to the actual working days. Accounts are closed on 31<sup>st</sup> March every year.

The result of workings were as follows

Year	Output in tones
2009-2010	600
2010-2011	1,250
2011-2012	1,500
2012- 2013	1,800
2013-2014	800 ( Strike for 3 months)
2014-2015	1,600

You are required to prepare

1) Royalty A/c 2) Short working A/c 3) Mr. Ajay's A/c in the books of Eastern Collieries' Ltd **(20 Marks)**

Q.3) Prakash purchased a machine from Akash Machineries Ltd on Hire purchase System on 1<sup>st</sup> April 2011 on the following terms

- 1) Cash price of the machine - Rs 10,00,000.
- 2) Down Payment - 20%
- 3) Four annual equal instalments of Rs 2,50,000 each to be paid on 31<sup>st</sup> March every year.

Depreciation at 20% p.a on diminishing value is charged. The company closes its book on 31<sup>st</sup> March every year.

Prepare

1) Machinery A/c 2) Akash Machineries A/c 3) Interest A/c 4) Depreciation A/c in the books of Prakash **(20 Marks)**

Q.4) The summarized balance sheet of ABC Company Ltd as on 31/03/2012 is as follows

Particulars	Note no	Amount (Rs)
<b>I) Equity and liabilities</b>		
1) Shareholders' funds		
a) Share capital	1	15,00,000
b) Reserves and surplus	2	7,20,000
2) Current liabilities		
a) Trade payable		1,67,000
<b>Total</b>		<b>23,87,000</b>
<b>II) Assets</b>		
1) Non-Current assets		
a) Fixed Assets		
i) Tangible assets		19,67,000
B) Noncurrent investments		1,40,000
2) Current assets		
a) Cash and cash equivalent		2,80,000
<b>Total</b>		<b>23,87,000</b>

Notes to accounts

Note No	Particulars	Amount (Rs)
1	Share capital	
	10,00,000 equity shares of Re 1each	10,00,000
	6% , 5,00,000Preference shares of Re 1 each	5,00,000
	<b>Total</b>	<b>15,00,000</b>
2	Reserves and surplus	
	Capital reserve	95,000
	General Reserve	2,00,000
	Profit and Loss A/c	4,25,000
	<b>Total</b>	<b>7,20,000</b>

The preference shares are redeemable on 1<sup>st</sup> April 2012 at a premium of 5%. The necessary resolutions were duly passed & the following transactions carried through

- 1) In order to provide cash towards the redemption of preference shares
  - a) All investments were sold for Rs 1,80,000/-
  - b) 2,00,000 equity shares of Re 1/-each were issued to the existing shareholders at Rs 1.25 per share payable in full at application & were duly paid.
- 2) The preference shares were duly redeemed.
- 3) A bonus issue of equity shares was made at the rate of one share for every five shares held.

You are required to pass journal entries to record these transactions .also show the balance sheet of ABC Ltd after redemption. (20 marks)

Q.5) On 1<sup>st</sup> April 2011, Sachin industries purchased a Plant from Hind Industries for Rs 22,73,000 on installment purchase system . The company paid Rs 5,00,000 on the date of purchase & balance in 4 installments of 5,00,000 each on 31<sup>st</sup> March every year subject to interest @ 5% p.a. Depreciation was to be provided @ 10% on reducing balances. Sachin industries close their books of accounts on 31<sup>st</sup> March every year .

Show

- 1) Plant A/c 2) Hind Industries A/c 3) Interest Suspense A/c 4) Interest A/c in the books of Sachin industries (20 marks)

**Q6) Write short notes on any four**

**(4x5=20)**

- 1) Distinction between Hire Purchase System and Instalment Purchase System.
- 2) Process of Book Building
- 3) Capital Redemption Reserve
- 4) Sub lease agreement
- 5) Buy – Back of Shares
- 6) Types of Repossession under Hire purchase system