

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics Margao Goa
F.Y.B.Com Semester -I MAY/JUNE SUPPLEMENTARY EXAMINATION 2017
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

Q1) On 1st January 2012, Indian Transport ltd. purchased one car from Hindustan Motor ltd. on Hire Purchase basis. The cash price of the car was Rs. 50,000. It was agreed that Rs. 5,000 would be paid on signing the agreement and the balance by 4 equal annual installments of Rs. 12,500 each commencing from 31st December 2012. Indian Transport closes its books on 31st December every year. Depreciation is charged on car @ 10% on the Diminishing Balance method. Show the Analysis Table and also Pass Ledger entries in the books of Indian Transport Ltd. by opening following accounts:-

a) Car Account b) Hindustan Motor Ltd Account c) Depreciation Account.(20 Marks)

Q2) Milka ltd took a mine on lease from Gansham ltd, at a given rate of royalty with a minimum rent of Rs. 1, 20,000 per year. Each year's excess of minimum rent over royalty is recoverable out of royalties for the next two years. In the event of strike, the minimum rent not being reached it was provided that actual royalties earned could be the full royalty obligations for the year. The actual royalty were as follows:-

| Year | Amount (Rs) |
|------|-----------------|
| 2010 | Nil |
| 2011 | 36,000 |
| 2012 | 90,000 (Strike) |
| 2013 | 1, 40,000 |
| 2014 | 1, 60, 000 |

Prepare analysis of Royalty payable. Pass following ledger accounts in the books of Gansham Ltd.

a) Royalty Account b) Milka Ltd Account c) Short Workings Account. **(20 marks)**

Q3) Swastik Ltd. purchased four machines from Behare Ltd. under Installment System. The payment arrangement was agreed upon as follows:-

| Date of Payment | Amount | No. of Installment |
|--------------------------------|--------|-----------------------------|
| 1 st January 2012 | 50,000 | Down Payment |
| 31 st December 2012 | 51,000 | 1 st Installment |
| 31 st December 2013 | 47,000 | 2 nd Installment |
| 31 st December 2014 | 33,000 | Final Installment |

The vendor charged interest @ 10 % p.a. and the cash price was Rs. 1,60,000.

You are required to prepare the following Ledger accounts in the books of Behare Ltd.

a) Interest Account b) Interest Suspense Account c) Swastik Ltd. **(20 marks)**

Q4) a) Dharma Trading Co. Ltd invited applications for 10,000 shares of Rs. 100 each at a premium of Rs. 20 per share. The amount is payable as follows:-

On Application Rs.40 (Including premium)

On Allotment Rs. 30.

On First & Final call Rs. 50

The applications were received for 8,000 shares and these were accepted in full. All money due were received except the first and final call money on 200 shares, which were forfeited.

Out of these shares, 100 shares were subsequently re-issued @ Rs. 80 per share.

You are required to pass necessary journal entries in the books of Dharma Trading Company.

(12 marks)

b) The following are the extract from the Draft balance sheet of Omega Tools Ltd. as on 31st December 2015.

| Particulars | Amount (Rs) |
|---|-------------|
| Authorised Capital: 1,00,000 equity shares of Rs. 10 each | 10,00,000 |
| Issued, called up and paid up capital : 80,000 Equity shares of Rs. 10 Each | 8,00,000 |
| Securities Premium | 50,000 |
| General Reserve | 3,50,000 |
| Capital Redemption Reserve | 50,000 |
| Profit and Loss Account | 2,50,000 |

A resolution was passed declaring one bonus share for four shares held.

Set out Journal entries to give effect to the resolution stated above.

(8 marks)

Q5) The following is the Balance Sheet of Srabanti Company Limited as on 31.12.2015

| Particulars | Note No. | 31/12/2015 (Rs.) | 31/12/2014 (Rs) |
|------------------------------------|----------|---------------------|--------------------|
| (I) Equity and Liabilities: | | | |
| (1) Shareholders' Funds: | | | |
| (a) Share Capital | 1 | 15,00,000 | |
| (b) Reserves & Surplus | 2 | 10,50,000 | |
| | | | |
| (2) Current Liabilities | | 3,50,000 | |
| | | | |
| TOTAL | | 29,00,000 | |
| (II) Assets: | | | |
| (1) Non Current Assets | | | |
| (a) Tangible Assets | 3 | 15,00,000 | |
| (b) Non- Current Investments | 4 | 3,00,000 | |
| | | | |
| (2) Current Assets | | | |
| (a) Inventories | | 4,70,000 | |
| (b) Trade Receivables | 5 | 4,00,000 | |
| (c) Cash & Cash Equivalents | 6 | 2,30,000 | |
| TOTAL | | 29,00,000 | |

Notes forming part of Financial Statements:

| Note No. | Particulars | Amount (Rs.) |
|----------|---|------------------|
| <u>1</u> | Share Capital | |
| | Issued and Subscribed Capital: | |
| | 5,000 , 7.5% Redeemable Preference Shares of Rs.100 each. | 5,00,000 |
| | 1,00,000 equity shares of Rs.10 each | 10,00,000 |
| | Total | 15,00,000 |
| 2 | Reserves & Surplus | |
| | Securities Premium Account | 1,00,000 |
| | General Reserve | 7,50,000 |
| | Profit and Loss Account | 2,00,000 |
| | Total | 10,50,000 |
| 3 | Tangible Assets | |
| | Land & Building | 8,00,000 |
| | Plant & Machinery | 6,00,000 |
| | Furniture & Fixtures | 1,00,000 |
| | Total | 15,00,000 |
| 4 | Non Current Investment | |
| | Investments, at cost (Market Value Rs. 2,80,000) | 3,00,000 |

| | | |
|----------|----------------------------------|-----------------|
| | Total | 3,00,000 |
| 5 | Trade Receivables | |
| | Debtors | 2,00,000 |
| | Bills Receivable | 2,00,000 |
| | Total | 4,00,000 |
| 6 | Cash And Cash Equivalents | |
| | Cash at Bank | 1,75,000 |
| | Cash in Hand | 55,000 |
| | Total | 2,30,000 |

On 1.1.2016, it was decided to redeem the preference shares at a premium of 5%. To finance the redemption, all the investments were sold at a market price. 10,000 equity shares of Rs.10 each at Rs.9 per share and 1,000, 6% debentures of Rs.100 each at par were issued.

On 1.2.2016, the company made a bonus issue of 1 equity share of Rs.10 each for every 2 shares held on that date. It was also decided to use General Reserve as minimum as possible.

Draft the Journal entries including cash book entries to give effect to the above decisions and also prepare a Balance Sheet as per schedule 3. **(20 marks)**

Q6) Write Short note on any 4 of the following:- **(5 marks x 4) = 20 marks**

- Differentiate between Higher Purchase and Instalment System
- Recoupment of Short Workings
- Forfeiture of Shares
- Conditions for Redemption of Preference Shares
- Repossession
- Bonus Shares