

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics Margao Goa
FYB.COM, SEM I, SUPPLEMENTARY EXAMINATION, MAY/JUNE 2015

SUB: - FOUNDATION COURSE-ACCOUNTING (new course)

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 new question on a fresh page.

Q.1) A) Avinash Ltd made an issue of 30,000 shares of Rs. 100 each, payable Rs 30 on application, Rs 50 on allotment and Rs 20 on final call. The company received a overwhelming response from the public who applied for 93200 shares. The Directors of the company decided to allot the shares as follows.

Category I. (in respect of applications for 2000 or more shares)

Applicants for 21,500 received 10,200 shares

Category II: (in respect of applications for 1000 to 2000 shares).

Applicants for 50,700 received 12,600 shares

Category III: (in respect of applications for less than 1000 shares)

Applicants for 21200 received 7200 shares

Pass Journal Entries in the books of the company assuming that all the calls were made and money is received in time (12 Marks)

B) Moonlight Ltd has Rs 5, 60,000 Equity Share Capital comprising 40,000 shares of Rs 10 each fully paid and 20,000 shares of Rs 10 each, Rs 8 paid up per share. It has Rs 20,000 in securities premium account, Rs 70,000 in capital redemption reserve & Rs 1,50,000 in General Reserve.

By way of Bonus dividend, the partly paid up shares are converted into fully paid up shares and the holders of fully paid up shares are allotted fully paid up bonus shares in the same ratio.

Pass Journal Entries showing separately the two types of bonus issues stated above. (8 Marks)

Q2) Kala Academy purchased machinery from HMT Ltd of hire purchase basis on 1st Jan 2009. The cash price of the machinery was Rs 1, 27,000. The payment was made in 4 half yearly instalments of Rs 40,000 each commencing from 30th June 2009. The vendor charged interest @ 20% p.a. Kala Academy charges depreciation @ 15% p.a. on straight line method.

Prepare

- a) In the books of Kala Academy:- 1) Machinery A/c 2) HMT's A/c
b) In the books of HMT:- 1) Kala Academy's A/c 2) Interest A/c (20 Marks)

Q3) The following is the Balance sheet of KSB Ltd as on 31st March 2009.

| Liabilities | Amount | Assets | Amount |
|-----------------------------------|---------|--------------|---------|
| Shares Capital (Rs 100 each) | | Fixed Assets | 800000 |
| Equity Shares Cap 500000 | | Investments | 100000 |
| Less Calls in arrears 10,000 | 490000 | | |
| 10% redeemable preference | | Stocks | 80000 |
| Share capital 3,00,000 | | | |
| Less Calls in arrears 10,000 | 290000 | | |
| Shares Premium | 50000 | Debtors | 400000 |
| Capital Reserve | 100000 | Bank | 200000 |
| General Reserve | 500000 | | |
| Creditors | 150000 | | |
| Total | 1580000 | | 1580000 |

The preference shares are redeemable at a premium of 10%

The calls in arrears on both classes of shares are @ Rs 40 per share. To enable redemption company took the following measures.

- 1) The reminders for calls were sent to all shareholders. Shareholders holding 100 equity shares & 150 preference shares paid the amount
- 2) The remaining preference shares were forfeited.
- 3) The remaining equity shares were forfeited and reissued for Rs 60 per share.
- 4) Investments were sold for Rs 1, 20,000
- 5) 1000 Equity shares were issued at 20% premium.
- 6) Bank overdraft was arranged if necessary for balance funds.

You are required to pass journal entries.

(20 Marks)

- Q4) Rajendra Co. Ltd took a mine on lease from Mr. Ajay at a royalty of Rs 10 per tonne with the minimum rent of Rs 20000 per annum. Each year's excess of minimum rent over royalties is recoverable out of royalties of the next 4 years. In the events of strike the minimum rent would be reduced proportionally to the actual working days. Accounts are closed on 31st March every year. The result of workings were as follows

| Year | Output in tonnes |
|---------|----------------------------|
| 2002-03 | Nil |
| 2003-04 | 600 |
| 2004-05 | 1850 |
| 2005-06 | 2250 |
| 2006-07 | 3500 |
| 2007-08 | 1200 (Strike for 4 months) |

You are required to prepare:-

- 1) Royalty A/c
- 2) Short working A/c
- 3) Mr. Ajay's A/c in the books of Rajendra Co Ltd

(20 Marks)

- Q4) Caravan Company purchased a motor car from M.M Co. on installments purchase system on 1st Jan 2007 paying cash Rs 20,000 & agreeing to pay three further installments of Rs. 20,000 each on Dec 31st every year.

The cash price of the car is Rs 74,500 and M.M Co charges interest at 5% per annum. Caravan Co writes off 10% p.a as depreciation under written down value method.

You are required to prepare

- 1) Motor Car A/c
- 2) Interest Suspense A/c
- 3) M.M Co's A/c
- 4) Interest A/c
- 5) Depreciation A/c

In the books of Caravan Company

(20 Marks)

- Q.6) Write short notes on any four

(4x5=20 Marks)

- 1) Minimum rent
- 2) Creation of Capital Redemption Reserve
- 3) Process of Book Building
- 4) Buy Back of Shares
- 5) Difference between hire purchase system & installment purchase system
- 6) Sub lease agreement