

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
S.Y.B.Com Semester III
End Semester Examination, October 2017
Applied Component –Accounting –III (New Course)

Time: 2 hours.

Max Marks: 80

- Instructions: 1) Question No.1 is compulsory.
2) Answer any three from Q.No.2 to Q.No.6
3) Figure to the right indicates maximum marks.
4) Start each question on a fresh page.

Q.1 Raj Limited furnishes the following details relating to its holding in 6% Govt. of India Bonds: (Units of ₹ 100 each)

Opening Balance –Face Value ₹ 1,20,000 -Cost ₹ 1,18,000

01-06-2016: 200 units purchased ex-interest @ ₹ 98.

01-10-2016: 400 units sold ex-interest out of the original holding @ ₹ 97.

01-01-2017: 200 units purchased cum interest @ ₹ 99.

01-02-2017: 500 units sold ex-interest @ ₹ 98 out of the original holding.

Interest dates are on 30th September and 31st March every year. Raj Limited closes its books on 31st March every year.

Show investment account as it would appear in the books of Raj Limited for the year ending 31st March 2017.

(20)

Q.2 Following is the Balance Sheet of Mr. George as on 31st March 2017 on which date he became insolvent.

Liabilities	₹	Assets	₹
Loan	90,000	Capital	50,000
Bank Overdraft	70,000	Goodwill	10,000
Bills Payable	20,000	Land	50,000
Creditors	1,10,000	Machinery	40,000
		Stock	30,000
		Debtors	70,000
		Shares in Verna Ltd	30,000
		Cash in hand	10,000
Total	2,90,000	Total	2,90,000

Additional Information:

1) Creditors include ₹ 2,000 on account of income tax and ₹ 18,000 for preferential credits.

2) He discounted bills receivable of ₹ 40,000 of which bills of ₹ 15,000 are expected to rank.

3) Bank overdraft had first charge on machinery and second charge on land.

4) Loan is secured by a first charge on land, the realizable value of which is ₹ 60,000.

5) The other assets are estimated to produce as under:

Machinery- ₹ 20,000; Stock- ₹ 25,000, Shares- ₹ 15,000; Debtors – ₹ 5,000

Prepare the Statement of Affairs and Deficiency account of Mr. Geroje as on the date of insolvency. (20)

Q.3 Raja and Rani are partners of Rajrani Hotel. The following Trial Balance extracted from their books on 31st March 2017.

Particulars	Debit (₹)	Credit (₹)
Salaries	1,68,200	
Insurance	38,280	
Laundry	34,320	
Taxes	46,340	
Loan		15,25,000
Bad Debts	12,360	
Advertising	35,400	
Furniture	7,00,000	
Visitor Ledger	78,560	
Discount		11,310
China Cutlery and Linen	67,350	
Repairs	32,120	
Cash in hand	25,380	
Bank Balance	3,25,360	
Gross Profit		17,85,360
Capital:		
Raja		6,80,000
Rani		5,05,000
Drawings;	2,16,380	
Raja	3,18,320	
Rani		

Creditors		71,420
Deposits for advance bookings		52,000
Premises	25,00,150	
Current Account:		
Raja		1,20,000
Rani		80,000
Stock	1,95,250	
Fuel	36,320	
Total	48,30,090	48,30,090

Additional Information:

- 1) Profits and losses to be shared in the ratio of 6:4
- 2) Provide 10% interest on Capital.
- 3) Provide interest on loan @8% Loan, which borrowed on 1st October 2016.
- 4) Outstanding Salaries ₹ 10,800 and Advertisement Prepaid ₹ 2,500.
- 5) Both partners are entitled Salaries of ₹ 15,000 each Per Month.

Prepare Profit and Loss account for the year ending 31st March 2017, Partners Current Account for the year ended 31st March 2017 and Balance Sheet as on that date.

(20)

Q.4a On 1st January 2016 Mrs. Sujata filed her petition for insolvency, on which date her business affairs were as follows.

Particulars	Amount (₹)
Sundry Debtors:	
Good	20,000
Doubtful (estimated to realize ₹ 40,000)	81,000
Shares in Kamat Ltd. (estimated to realize ₹ 1,82,000)	2,20,000
Creditors	1,90,000
Creditors having first charge on Shares	80,000
Creditors having second charge on shares to the extent of ₹ 60,000	70,000
Bills discounted (expected to rank ₹ 7,000)	12,000
Creditors for rent and taxes (upto ₹ 3,000 preferential)	6,000
Furniture (estimated to realize ₹ 6,000)	8,000
Cash	240
Stock (estimated to realize ₹ 60,000)	71,760
Bills Receivable (estimated to realize ₹ 14,000)	26,000
Loss on speculation	30,000

She started her business on 1st January 2013 with a capital of ₹ 1,00,000. In the first two years she made a profit of ₹ 55,000 and in the third year incurred a loss of ₹ 10,000 after allowing 6% interest on capital each year. Her drawings during the period were ₹ 52,000 of which she purchased jewellery of ₹ 8,000 which was later used to pay liabilities.

Prepare the Statement of Affairs and Deficiency Account of Mrs. Sujata as on 1st January 2014. (15)

Q.4b Explain the Purposes of Investment Ledger. (05)

Q.5 Sam Limited invited applications from public for 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 5 per share. The entire issue was underwritten by Anu, Babu, Charls, and Didi to the extent of 30%, 30%, 20%, and 20% respectively with the provision of firm underwriting of 3,000, 2,000, 1,000 and 1,000 shares respectively. The underwriters get 2.50% commission.

The company received applications for 70,000 shares from public out of which applications for 19,000, 10,000, 21,000 and 8,000 shares were marked in favor of Anu, Babu, Charls, and Didi respectively.

Calculate the liability of each of the underwriters. Also ascertain the underwriting commission payable to different underwriters. (20)

Q.6 Write Short Notes on **Any Four** of the following.

- 1) Ex-interest and Cum-interest transactions.
- 2) Types of underwriting agreements.
- 3) Investment Account.
- 4) Difference between Statement of Affairs and Balance Sheet.
- 5) Visitors Ledger.
- 6) Bonus Shares and Right Shares

(20)