

VidyaVikasMandal's
Shree Damodar College of Commerce & Economics Margao Goa
F.Y.B.Com Semester – I Semester End Examination – October/November 2018
Sub: - Foundation Course- Accounting (old course)

Duration: - 2 hrs

Marks:- 80

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

Q1) Sigh Ltd took a mine on lease from Parag 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)
2013	Nil
2014	36,000
2015	90,000(strike)
2016	1,40,000
2017	1,60,000

Prepare analysis of Royalty payable. Pass following ledger accounts in the books of Parag ltd.

- a) Royalty Account b) Sigh Ltd. Account c) Short Workings Account (20 Marks)

Q2) Vidya Publishers purchased two printing machines from Bharat Machineries Ltd on Hire Purchase system on 1st April 2015. The cash price of each machine was Rs. 1, 25,000. Payment was made as follows:-

1/4/2015	Rs. 30,000 per machine
31/03/2016	Rs. 35,000 per machine
31/03/2017	Rs. 40,0000 per machine
31/03/2018	Rs. 45,000 per machine

Depreciation at 15% p.a. on diminishing value is charged. The company closes its books on 31st March every year.

Prepare:-1) Bharat Machineries A/c, 2) Machinery A/c 3) Interest A/c 4) Depreciation A/c in the books of Vidya Publishers. (20 marks)

Q3) Ishita Ltd purchased a machine from Karma Ltd under Installment Purchase System on 1st April 2014 paying an amount of Rs. 6,00,000 as down payment and agreed to pay three further installments of Rs. 6,00,000 each on 31st March every year commencing from 31st March 2015

The cash price of the machine is Rs. 22,40,000 and karma Ltd charges interest at 5% per annum. Ishita Ltd charges 20% p.a. as depreciation under Diminishing Balance Method. Ishita Ltd closes their accounts on 31st march every year.

You are required to prepare:-

- 1) Machine Account 2) Interest Suspense Account 3) Karma Ltd Account 4) Interest Account in the books of Ishita Ltd. (20 marks)

Q4) a) Swastik 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 and Final Call Rs. 50

The application were received for 8,000 shares and these were fully 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 Swastik Trading Company.

(12 marks)

- b) The following are the extract from the draft balance of Kellogs Tools ltd. as on 31st March 2015.

Particulars	Amount (Rs)
Authorized 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 the journal entries to give effect to the resolution stated above.

(8 marks)

Q5) The following balances are appearing in the books of Kaithiki Infrastructures Ltd.

Redeemable Preference Share Capital	Rs. 2,50,000
Calls in arrears (Redeemable Pref. Share)	Rs. 5000
General Reserve	Rs. 1,50,000
Share Premium	Rs. 20,000
Development Rebate Reserve	Rs. 1,00,000

It was ascertained that

- 1) Preference Shares are of Rs. 100 each fully called due for redemption at a premium of 10%.
- 2) Calls in arrears are an account of final call on 250 shares held by Mr. Yeshodhan.
- 3) Rs. 25,000 of the Development Rebate Reserve is free for distribution as dividend.
- 4) Balance of General Reserve and share premium to be fully utilized for the purpose of redemption and the short fall to be made good by issue of equity shares of Rs. 10 each at par.
- 5) The redemption of preference shares was duly carried out.

You are required to pass the Journal entries for redemption of preference shares. **(20 marks)**

Q6) Write short notes on any four:-

(5marks X 4) = 20 marks

- 1) Recoupment of Short Workings
- 2) Forfeiture of Shares
- 3) Conditions for Redemption of Preference Shares
- 4) Repossession
- 5) Process of Book Building
- 6) Difference between Higher Purchase and Installment System.