

May/June Supplementary Examination 2018
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 B. Limited held on 1st April, 2016 ₹ 2,00,000 of 9% Government loan at ₹1,90,000 (Face Value of loan ₹100 each). Three months interest had accrued on the above date. On 31st May 2016 the company purchased the same Government Loan of the face value of 80,000 at ₹ 95 cum interest. On 1st June 2016 ₹60,000 face value of the loan was sold at ₹ 94 ex-interest. Interest on loan was paid each year on 30th June and 31st December and was credited by the bank on the same date. On 30th November 2016 ₹ 40,000 face value of loan was sold at ₹ 97 cum-interest. On 1st December 2016 the company purchased the same loan ₹ 10,000 at par ex-interest. On 1st March 2017 the company sold Rs 10,000 face value of the loan at ₹ 95 ex-interest.

The market value of the loan on 31st March 2017 was ₹ 96.

Draw up 9% Government Loan Account in the books of B.Ltd

(FIFO method shall be followed and balance of the loan held by the company shall be valued at the total average cost or market price whichever is lower. Calculations shall be made to the nearest rupee.)

(20)

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

Liabilities	₹	Assets	₹
Capital	18,000	Goodwill	5,000
Bank Loan (Secured) By First charge on building)	80,000	Machinery	20,000
Loan from finance Co. Secured by second charge on buildings)	30,000	Building	1,15,000
Sundry Creditors	59,000	Investment in shares	5,000

Value Added Tax Payable	8,000	Furniture	7,000
Loan from wife	5,000	Stock	9,000
		Debtors:	
		Good	14,000
		Doubtful	8,000
		Bad	2,000
		Cash and Bank	15,000
Total	2,00,000	Total	2,00,000

Mr. Brown estimated that except the following ,all the tangible assets are realizable:

- A machinery ₹ 5,000 included in the balance Sheet has no value.
- Debtors (unrealizable) ₹ 7,600.
- Non moving stock ₹ 3,000.
- Furniture (not useful) ₹ 4,000.
- Investment has no Value.

(20)

Further Information:

- Building expected to realize ₹ 1,20,000.
- Loan was given by his wife from her personal sources.
- A bill discounted for ₹ 10,000 is likely to be dishonored.
- One creditor forgoes his claim for ₹ 4,000.
- Mr.Brown started his business on 01/04/2013.his household expenses upto 31/03/2017 are ₹ 48,000.his private Life Insurance Policy matured for Rs 30,000 on 31/03/2017. He made profit of ₹ 40,000 upto 31/03/2015 and thereafter incurred a loss ₹ 50,000 from 01/04/2015 to 31/03/2017. He also incurred a loss on speculation ₹10,000 in the year ended 31st March2017.

Based on the above information, prepare Statement of Affairs of Mr. Brown as on 31st March 2017 and Deficiency account.

Q.3 Sita and Gita are partners of M/S Hotel Goa. The following Trial Balance extracted from their books on 31st March 2017.

Particulars	Debit (₹)	Credit(₹)
Gross Profit		2,43,160
Capital:		
Sita		2,40,000
Gita		2,20,000
Drawings:		
Sita	8,000	
Gita	16,000	
Current Account :		
Sita	1,000	
Gita		400
Salaries	91,040	
Creditors		17,320
Deposits for advance bookings		3,000
Premises	4,00,000	
Fuel	19,360	
Stock	14,000	
Insurance	2,440	
Laundry	7,360	
Rates	13,400	
Loan		20,000
Bad Debts	1,560	
Advertising	10,040	
Furniture	27,200	
Visitor Ledger	9,080	
Discount		3,120
China,Cutlery and linen	18,000	
Repairs	7,480	
Cash	10,200	
Bank	90,840	
Total	7,47,000	7,47,000

Additional Information:

1. Stock worth ₹10,000 was purchased but not recorded in the books.
2. Of the Debtors ₹ 800 were bad.
3. Outstanding salaries ₹ 1,000.

4. Depreciate furniture @10%, Premises by ₹ 32,000 and China, Linen and Cutlery were revalued at ₹ 16,000.
5. Provision worth ₹ 6,000 were taken by Gita for her personal use and not recorded in the books. (20)
6. Interest on capital is to be provided @5% per annum.
7. Both partners are entitled to salaries of ₹ 10,000 each.

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.

Q.4a On 31st January 2017 Mr. Shankar filed her petition for insolvency, on which date his business affairs were as follows.

Particulars	Amount (₹)
Leasehold property (estimated to realize ₹1,90,000)	2,00,000
Plant and Machinery (estimated to realize ₹ 60,000)	80,000
Stock in trade (estimated to realize ₹28,000)	40,000
Book Debts:	
Good	1,20,000
Doubtful (estimated to realize 50%)	10,000
Bad	28,000
Bills in hand	7,500
Household furniture	7,200
Household debts	5,800
Bills discounted (₹4,000 likely to be dishonoured)	12,000
Loan on Mortgage of Leasehold	1,00,000
Cash in hand	200
Bank overdraft secured by Personal guarantee of Shankar's Brother and second charge Leasehold	1,00,000
Unsecured creditors	3,00,000
Loan from Naresh (Secured by second charge on Life Policy)	5,000
Ground rent on household three months accrued	750

He could not pay his office clerks (two staff) salaries for six months ₹ 3,000 and rates and taxes amounting to ₹ 3,000 due to Government.

Prepare the Statement of Affairs of Mr. Shankar as on 31st March 2017. (15)

Q.4b Explain the difference between Cum-Interest and Ex-Interest. (05)

Q.5 K. Limited issued 20,000 shares which were underwritten by as follows.

A-12,000 shares

B- 5,000 shares

C- 3,000 shares

The underwriters made applications for firm underwritings as:

A- 1,600 shares

B- 600 shares

C- 2,000 shares

The total subscriptions excluding firm underwriting but including marked applications were for 10,000 shares. (20)

The marked applications were as under.

A- 2,000 shares

B- 4,000 shares

C- 1,000 shares

You are required show the allocation of liability of underwriters.

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

- 1) Types of underwriting agreement.
- 2) Purpose Investment Account Ledger.
- 3) Property as per List E.
- 4) Bonus Shares and Right Shares.
- 5) Visitors Ledger

(20)
