

ACCOUNTING (FOUNDATION COURSE)

Duration: 2hrs.

Max.marks:80

- Instructions:**
1. Question No. 1 is compulsory
  2. Answer **any three** 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.

1. Bharat Mining Co. Ltd., took a mine on lease at a royalty of Rs. 10 per ton on 1<sup>st</sup> January 2009. The minimum rent was fixed at Rs. 40,000 for the first year, Rs. 60,000 for the second year and Rs. 80,000 per year thereafter. Short workings of any year could be recouped out of the royalties of next two years only. The production during the first five years was as follows:

Year	Output in tonnes
2009	2,000
2010	4,500
2011	6,000
2012	9,000
2013	12,000

Prepare Landlord's A/c, Shortworkings A/c and Royalties A/c in the books of Bharat Mining Co. Ltd.. (20 Marks)

2. Malhotra Ltd., issued a prospectus inviting applications for 4,000 shares of Rs. 100 each at a premium of Rs. 10 per share payable as follows:

- On application Rs. 20 per share
- On allotment Rs. 40 per share (including premium)
- On first call Rs. 25 per share
- On second and final call Rs. 25 per share

Applications were received for 6,000 shares and allotment made pro-rata to the application of 4,800 shares, the remaining applications being refused. Money over-paid on application was employed on account of sums due on allotment. Preetam, the holder of 150 shares, failed to pay the two calls.

Pass journal entries for the above and Balance Sheet to show the effect. (20 Marks)

3. The Pankaj Transport Company purchased a lorry on hire purchase basis on 1<sup>st</sup> January, 2010 from Batra & Co. Pankaj Transport company paid Rs. 2,00,000 in cash and agreed to pay three further instalments of Rs. 2,00,000 each on 31<sup>st</sup> December each year. The cash price of the lorry was Rs. 7,45,000 and Batra & Co. charges interest at 5% p.a. Pankaj Transport Company charges depreciation at 10% p.a. on cash value of the lorry original cost method.

Prepare Pankaj Transport Company A/c, Interest A/c and Sales A/c in the books of Batra & Co. (20 Marks)

4. The following is the summarised Balance Sheet of Trinity Ltd.

Liabilities	Rs.	Assets	Rs.
Paid-up Share Capital:		Bank	90,000
50,000 Equity shares of Rs. 10 each fully paid 1,000,	5,00,000	Other assets	8,10,000
10% Redeemable Preference Shares of Rs. 100 each fully called-up 1,00,000			
Less: Calls in arrear @ Rs. 20 each           1,000	99,000		
Reserve & Surplus:			
Securities Premium	20,000		
Profit & Loss	60,000		
General Reserve	70,000		
Current Liabilities:			
Creditors	1,51,000		
	<b>9,00,000</b>		<b>9,00,000</b>

The redeemable preference shares were redeemed on the following basis:

- i) Further 4,500 equity shares were issued at a premium of 10%.
- ii) Expenses for fresh issue of shares Rs. 5,000.
- iii) Of the 50 preference shares, holders of 40 shares paid the call money before the date of redemption. The balance 10 shares were forfeited for non-payment of calls before redemption. The forfeited shares were re-issued as fully paid on receipt of Rs. 500 before redemption.
- iv) Preference shares were redeemed at a premium of 10% and securities premium account was utilised in full for this purpose.

Show journal entries including those relating to cash and the summarised Balance Sheet after redemption.

5. M/s Pratap Ltd., supplied Refrigerators to Pandey Hotel on the instalment system on 1<sup>st</sup> July, 2010. The cash price of them was Rs. 2,23,500. Under instalment system, it was agreed to pay Rs. 60,000 on that date and Rs. 60,000 annually for three years. Interest was chargeable at 5% per annum and depreciation was to be written off at the rate of 10% p.a. under original cost method on Refrigerators. Show M/S Pratap Ltd A/C, Interest Suspense A/C, Interest A/C and Refrigerator A/C in the books of Pandey Hotel for the three years. (20 Marks)

6. Write short notes on **any 4** out of the following:

**(4x5= 20 Marks)**

- a) Book building
- b) Repossession of goods
- c) Sub-leasing
- d) Issue of Bonus shares
- e) Buy back of shares
- f) Capital Redemption Reserve