



॥ विद्या सर्वस्य भूषणम् ॥

PRABODHAN EDUCATION SOCIETY'S

Vidya Prabodhini College of Commerce, Education, Computer & Management  
Vidyanagar, Alto-Parvari, Goa

**SEMESTER END EXAMINATION – OCTOBER 2016 (Regular/Repeat)**

**Sub:** Applied Component (Accounting)

**Semester:** III

**M. Marks:** 80

**M. Time:** 10:00 a.m – 12.00 p.m.

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**INSTRUCTIONS:** 1. Each Question carries 20 marks

2. Question No.1 is compulsory
3. Answer *any three* from Question 2 – Question 6
4. Scientific calculators are not allowed.

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1. Maldar Finance Ltd. has done the following transactions in 12% state government stock having a face value of ₹100 each. All the transactions are cum-interest except those marked ex-interest. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December every year.

1<sup>st</sup> April, 2015 – Opening Balance was ₹50,000 stock costing ₹ 45,000.

31<sup>st</sup> May, 2015 – Purchased ₹ 25,000 stock @ ₹ 102.50, brokerage ₹ 1.50

1<sup>st</sup> June, 2015 – sold ₹15,000 stock @ ₹ 104.50, brokerage ₹ 1.50

15<sup>th</sup> July, 2015 – Sold ₹ 10,000 stock @ ₹ 106.50, brokerage ₹ 1.50, ex-interest

31<sup>st</sup> August, 2015 – Purchased ₹ 15,000 stocks @ ₹ 102.50, brokerage ₹ 1.50, ex-interest.

01<sup>st</sup> January, 2016 – Sold ₹ 15,000 stock @ ₹ 105.50, brokerage ₹ 1.50

1<sup>st</sup> March, 2016 – Purchased ₹ 5,000 stock @ ₹ 103.50 (including brokerage).

Write up Investment Account in the books of Maldar Finance Ltd., showing the profits and losses on the transactions using FIFO method. **(20 Marks)**

2. A company made public issue of 2,00,000 equity shares of ₹100 each, ₹50 payable on application. The entire issue was underwritten by four parties – Alex, Beetle, Carina and Doodle in the proportion of 30%, 25%, 25% and 20% respectively. Under the terms agreed upon, a commission of 2% was payable on the amounts underwritten. Alex, Beetle, Carina and Doodle also agreed on “firm” underwriting of 4,000, 6,000, 4,000 and 15,000 shares respectively. The total subscription excluding firm underwriting but including marked applications was for 1,20,000 shares. Marked applications received were as Alex – 24,000, Beetle – 20,000, Carina – 12,000 and Doodle – 24,000. Ascertain the liability of individual underwriters when the benefit of firm underwriting is given to individual underwriters. Draw up a statement showing commission payable to underwriters and also statement showing the amount due from (due to) underwriters. **(20 Marks)**

3. Mr. Karan filed his petition on 31<sup>st</sup> December, 2015 and his statement of affairs consisted of the following:

Particulars	₹	Particulars	₹
Creditors for goods	37,500	Book Debts	
Bills Payable	2,500	Good	10,000
Creditors secured by lien on shares	20,000	Doubtful (ETP ₹1,000)	5,000
Creditors secured by lien on stock	7,500	Consignments considered good	2,500
Liability on bills discounted (estimated to rank ₹1,500)	3,500	Stock (estimated to realise ₹20,000)	30,000
Mortgage on factory	5,000	Cash at Bank	50
Preferential creditors payable in full	1,500	Fixtures (estimated to realise ₹750)	1,500
Bills of exchange	700	Cottages (estimated to realise ₹1,500)	3,400
Factory (estimated to realise ₹5,500)	10,000	Shares (estimated to realise ₹8,000)	7,500
Machinery (estimated to realise ₹6,000)	7,500		

On 1<sup>st</sup> January six years ago, he had a capital of ₹25,000. Profits were made in the six years totalling ₹22,750 and losses were incurred totalling ₹12,500 after allowing ₹1,250 per year interest on capital. Withdrawals amounted to ₹ 38,600. Prepare Statement of Affairs and Deficiency Account. (20 Marks)

4. A) On 1<sup>st</sup> January 2015, Asia Ltd. held investments of ₹ 1,00,000, 6% Government stock costing ₹ 92,500 (face value – Rs. 100 each). On 31<sup>st</sup> March, a purchase of ₹ 50,000 stock was made at ₹ 95 cum-interest. On July 1<sup>st</sup> the company sold ₹ 50,000 stock @ ₹ 96 ex-interest. On 1<sup>st</sup> October a further ₹ 80,000 of investment was sold at ₹ 98 cum-interest. The market price of the stock on 31<sup>st</sup> December 2014 was ₹ 99 (ex-interest). Half yearly interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December every year. Prepare Investment ledger of the company ignoring income tax and brokerage.

(10 Marks)

- B) Mr. Loser is insolvent. He supplies to you the following information as on 31<sup>st</sup> March, 2015.

Particulars	₹	Particulars	₹
Creditors for goods	59,500	Stock (expected to realise 60%)	52,500
Salary due to clerks	700	Book debts (good)	7,000
Taxes due to government	2,100	Book debts (doubtful, expected to realise 40%)	17,500
Bank loan secured by lien on stock of ₹ 35,000	17,500	Bill receivable (₹ 5,250 bad)	8,750
Cash in hand	100	Bills discounted (₹ 3,500 bad)	10,500

Furniture (expected to realise ₹ 3,500)	7,000	Loan from Mrs. Loser (given from Stridhan)	17,500
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Mrs. Loser commenced business six years ago with a capital of ₹ 43,750. He drew ₹ 8,750 each year for private purposes, but did not maintain proper books of accounts. He made a profit of ₹ 11,300 on 31<sup>st</sup> March, 2015. Prepare Statement of Affairs and Deficiency Account of Mr Loser. (10 Marks)

5. From the following information of Tourist Hotel, you are required to prepare Profit and loss account for the year ended 31<sup>st</sup> March, 2016 and Balance Sheet as on same date.

Particulars	₹
Share Capital	4,00,000
Buildings	2,87,500
Furniture	1,07,500
Glass and China	13,000
Linen and Beddings	27,000
Cutlery	8,000
Cash at Bank	20,000
Cash in Hand	2,500
Visitor's a/c (debtors)	10,000
Sundry creditors	22,000
Salaries and allowances	12,000
Wages	30,000
Electricity charges	5,000
Rates, Taxes and Insurance	18,000
Laundry charges	5,000
General charges	7,500

Charges received

Meals: ₹ 1,50,000, Rooms: ₹ 50,000, Miscellaneous: ₹ 10,000.

Depreciation

Building: ₹ 12,500, Furniture: ₹ 7,500, Linen: ₹ 2,000, Cutlery: ₹ 1,000, Glass and China: ₹ 3,000.

Authorised capital consists of 50,000 shares @ ₹ 10 each.

Purchases, sales and stocks were as follows:

Particulars	Purchases ₹	Sales ₹	Opening stock ₹	Closing stock ₹
Provision	35,000		1,500	2,500
Coal and gas	9,000		500	1,500
Wines and spirit	25,000	30,000	5,000	10,000
Minerals	5,000	10,000	1,000	2,000
Cigars and Cigarettes	3,000	2,500	500	1,500
Meat	15,000			
Fish and Poultry	20,000			

(20 Marks)

6. Answer any five of the following.

- a. Ex-interest concept under Investment Accounting
- b. Underwriting Commission
- c. Statement of Affairs under Insolvency account
- d. Accounting Standard on Investments
- e. Visitor's Ledger
- f. Steps under Firm Underwriting (Giving benefit to individual underwriters.

**(5X4=20 Marks)**