



॥ विद्या सर्वस्य भूषणम् ॥

PRABODHAN EDUCATION SOCIETY'S

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

**SEMESTER END EXAMINATION-OCT/NOV 2017 (REPEAT)**

Semester: I

M.Marks:80

Sub: Accounting - I (Foundation Course)

Duration: 2 hours

Instructions:

1. Question No. 1 is compulsory
2. Attempt any three from question No. 2 to question No. 6
3. Working note should form part of the solution.
4. Every main question should begin on a fresh page.
5. Use of calculator allowed.

Q. 1.) Mr. Birbal had patented a product and gave the right to the manufacturer Mr. Akbar to sell under a license for 5 years for a company. The stipulated clauses were as follows.

1. A royalty of Rs.5 to be paid on each product sold
2. A minimum payment of Rs.20,000 p.a.
3. The right to deduct short workings in the two following years in which the short workings arise
4. The product sold were as follows

Year ending	Units
31.3.2014	4,000
31.3.2015	4,600
31.3.2016	6,000
31.3.2017	8,000

From the above details prepare the following ledger Accounts in the books of manufacturer.

1. Royalty Account, 2. Mr. Birbal's account and 3. Short workings Account. **(20 marks)**

Q.2. Marcus Ltd. invited applications for 15,000 shares of Rs.100/- each at a discount of 10% payable as follows –

On Application Rs. 25/-

On Allotment Rs. 40/- (including discount of Rs. 10)

On First & Final Call Rs. 35/-.

The applications were received for 14,000 shares & all of these were accepted by the Directors. All money due were received except the first and final call on 400 shares which were forfeited and re-issued at Rs.80/- as fully paid. Assuming that all the requirements of the law were complied, you are required to give the necessary journal entries and also show how the transactions would appear in the company's Balance Sheet. **(20 marks)**



Q.3. Kamal Ltd. sold a machinery costing Rs. 6,00,000 to Mr. Aadi on 1.4.2013 on Hire Purchase system and received 25% of the cash price of the machinery as cash down. The balance was agreed to be paid in 3 equal installments of Rs. 1,70,000 each on 31<sup>st</sup> March every year. You are required to prepare in the books of Kamal ltd.

1. Statement of Analysis of payment.

2. a) Mr. Aadi Account    b) Interest Account    c) Interest Suspense Account    **(20 marks)**

Q.4. On 1<sup>st</sup> July, 2013 Mr. Bhiku took delivery of Car from Pranoy dealers, Quepem on Hire Purchase system by paying Rs. 80,000 at the time of delivery and the balance payable in 4 equal installment plus interest. The installment is to be paid on 31<sup>st</sup> March every year. The cash value of Car was Rs. 6,00,000. Interest is charged at 8 % p.a.. Depreciation was charged on Car at the rate of 10% p.a. under straight line method.

Calculate interest payable for Hire Purchase period and prepare statement of Hire Purchase price. Also show the following ledger accounts in the books of Mr. Bhiku.

i) Pranoy dealer's a/c, ii) Interest a/c, and iii) Car a/c    **(20 marks)**

Q.5. Prudent Ltd.'s Balance sheet shows the following balance as on 31-3-2016. 30,000 equity shares of Rs.10 each fully paid; 18,000 10% Redeemable Preference shares of Rs.10 each fully paid; 4000, 15% Redeemable Preference shares of Rs.10 each, Rs.6 paid up. General Reserve Rs.1,40,000; Profit & Loss Account Rs.80,000 and capital Reserve Rs.20,000.

Preference shares are redeemed on 1-4-2016 at a premium of Rs.4 per share. For redemption, 4000 equity shares of Rs.10 each are issued. A bonus issue of equity share was made at par, two shares being issued for every five held on that date. Show the journal entries in the books of Prudent Ltd. to record the above transactions.    **(20 marks)**

Q.6.) Write short notes on: **Any Four**    **(20 marks)**

1. Sub-lease agreement.
2. Book building process
3. Rights issue of shares.
4. Right of recoupment.
5. Conditions for redemption of Preference shares

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