

**DCT's S.S.DEMPO COLLEGE OF COMMERCE AND ECONOMICS, ALTINHO  
SEMESTER END EXAMINATION (REVISED COURSE) OCTOBER 2016  
S.Y.B.COM ACCOUNTING-III SEMESTER-III**

Duration: 2 hours.

Max. Marks: 80

**Instructions:** 1. Question No.1 is Compulsory.

2. Answer any three questions from Q.2 to Q.6

3. Each Question carries 20 marks.

4. Working notes forms the part of your answer.

**Q1.** Zenith Ltd. had a balance of Rs.1000, 12% debenture of Rs.100 each in XY Co. Ltd. as on 1<sup>st</sup> April 2015 at a cost of Rs.1,00,000. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December each year.

On 1<sup>st</sup> June 2015, 400 debentures are purchased cum-interest at Rs.48,800.

On 1<sup>st</sup> November 2015, 600 debentures are sold ex-interest at Rs.60,000.

On 30<sup>th</sup> November 2015, 200 debentures are sold cum-interest at Rs.98.

Brokerage charges of Re. 0.25per Rs.100 of face value is applicable on every purchase and sale transactions. **Prepare Investment Account** for the year ending 31<sup>st</sup> March 2016, valuing closing stock of investment at cost (FIFO basis) or market price whichever is lower. The debentures were quoted at par on 31<sup>st</sup> March 2016. (20 marks)

**Q2.** Mr. Rohan finds himself insolvent on 31<sup>st</sup> December 2015. His position was as follows:

Particulars	Amount Rs.
<u>Sundry Debtors:</u>	
Good debts	10,000
Doubtful debts(Estimated to Produce Rs.55,000)	60,000
Bad debts	30,000
2000 Shares in X Co. Ltd (Estimated to Produce Rs.40,000)	50,000
Shares in YCo. Ltd (Estimated to Produce Rs.1,50,000)	1,83,000
Loss through speculation	35,500
Creditors on open account	1,71,200
Creditors holding second charge on Shares in Y Co. Ltd to the extent of Rs.55,000	60,000
Creditors holding first charge on Shares of Y Co. Ltd	80,000
Bills payable	8,000
Creditors for rent, rates, taxes etc.(of which Rs.6,600 were Preferential)	10,000
Furniture & fixtures (Estimated to Realize Rs.20,000)	30,000
Cash in hand & at bank	1,000
Stock in Trade (Estimated to Realize Rs.30,000)	35,000
Bills Receivable (Estimated to Realize Rs. 8,000)	10,000

Mr. Rohan started with the capital of Rs. 1,40,000 on 1<sup>st</sup> January 2013 and the Balance sheet resulted in the profit of Rs.17,600& Rs.20,200 for the 1<sup>st</sup> two years respectively and a loss of Rs.10,000 for the 3<sup>rd</sup> year after allowing Rs.2,500 as interest on capital each year. Withdrawals for the entire period amounted to 60,000.**Prepare Statement of Affairs & Deficiency Accounts.** (20 marks)

**Q3a.** Diamond Investments Ltd holds 2000, 12% Debentures of 100 each in Gems Ltd as on 1<sup>st</sup> April 2015, at a cost of Rs.2,10,000. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December each year.

On 1<sup>st</sup> May 2015, 1000 debentures are purchased cum-interest at Rs.1,07,000.

On 1<sup>st</sup> November 2015, 1200 debentures are sold ex-interest at Rs.1,14,600.

On 30<sup>th</sup> November 2015, 800 debentures are purchased ex-interest at Rs.76,800.

On 1<sup>st</sup> December 2015, 800 debentures are sold cum-interest for Rs.1,10,000.

**Prepare Investment Account valuing holdings 31<sup>st</sup> March 2016 at cost (applying FIFO method).** (15 Marks)

**Q3b. Write short note Bonus Shares and Right Shares.**

(5 Marks)

**Q4.** On 31<sup>st</sup> March 2016 the Balance Sheet of X and Y of Mumbai was as follows:

Liabilities		Amount Rs.	Assets		Amount Rs.
Trade Creditors		41,800	Machinery		48,000
Bills Payable		60,000	Building		24,000
Bank Overdraft		36,000	Stock		74,400
Twelve Month's Rent		2,400	Book debts		48,000
One Month's Salary		2,400	Cash		2,400
<b>Capital:</b>					
X	30,200				
Y	24,000	54,200			
		1,96,800			1,96,800

X owed personally Rs.20,000 and he had in addition to the interest in the firm, a house which cost Rs.12,000; furniture Rs.4,800 and life policies on which he had paid premiums amounting to Rs.2,400.

Y owed Rs.3,760 privately. He had furniture costing Rs.2,400 and a life policy on which Rs.7,200 had been paid as premium.

The bank held deeds of X's property and his life policies. The firm became insolvent and it was felt necessary to call the creditors together.

The partnership assets were valued as follows:

Book debts- Good Rs.24,000; Doubtful Rs.12,000 (Estimated to Realize 60%) and Bad Rs.12,000;

Stock Rs.40,000; Machinery Rs.26,160; Buildings Rs.12,000;

The firm had in its premises goods belonging to another firm and which were lying for a fairly long time. The book value of such goods was Rs.14,000; the official estimated those at Rs.8,000.

X's property was considered to be worth Rs.12,000, his life policies Rs.1,200 and his furniture, Rs.3,600. Y's life policies were worth Rs.3,600 and his furniture, Rs.1,200.

**Prepare the Statement of Affairs and Deficiency Account.**

(20 Marks)

**Q.5** Following trial balance was extracted from **Green Park Restaurant** as on 31.3.2016:

<b>Particulars</b>	<b>Dr. Rs.</b>	<b>Cr. Rs.</b>
Capital	---	6,00,000
Bad debts recovery	----	600
Banqueting debtors	24,000	---
Repairs	6,000	---
Sales		7,20,000
Provision for discount	1,200	----
Restaurant furniture	36,000	----
Returns		3,000
Postage and telegrams	4,800	---
Purchase of provisions	3,60,000	---
Wages and salaries	1,77,500	---
Provision for bad debts	----	1,800
Drawings	15,000	---
Suppliers A/c	---	35,400
Stock of provision (1-4-2016)	12,000	---
Cash at bank	1,28,500	---
Freehold premises	5,40,000	----
Electricity	40,800	----
Bad debts	3,000	---
China, Cutlery and Linen	12,000	----
	13,60,800	13,60,800

**You are required to prepare Trading and Profit and Loss Account for the year ended 31.3.2016 and a Balance Sheet as on that date taking into account the following:**

- Stock of provision on 31.3.2016 Rs.13,200.
- Estimated cost of staff meals Rs.4,000
- Provision for doubtful debts should be made equal to 6% of debtors.
- Provisions worth Rs.10,000 included in purchases represents consumption by himself and his family members.
- Depreciate restaurant Furniture by 10% and Premises by 5%.
- China, cutlery and Linen were valued at Rs.8,000.

**(20 marks)**

**Q.6** Sharma Ltd came up with the issue of 10,00,000 equity shares of Rs.10 each at par. 2,50,000 shares were issued to the promoters and the balance was offered to the public which was underwritten by three underwriters Amar, Vikas & Aakash equally. The firm underwriting was 25,000 each. Subscriptions totaled 6,48,500 shares including the marked forms which were Amar 2,12,500 shares, Vikas 2,25,000 shares and Aakash 1,75,000 shares.

The underwriter had applied for the number of shares covered by firm underwriters.

The amount payable on application and allotment were Rs. 2.50 and Rs.2 respectively. The agreed commission was 5%. **Assuming that the benefit of Firm Underwriting is not given to individual underwriter.**

**Prepare i) Statement of Individual Underwriter's Liability.**

**ii) Statement showing Amount Due from (due to) Underwriters (20 marks)**

