

DCT's S.S.DEMPO COLLEGE OF COMMERCE AND ECONOMICS, CUJIRA
S.Y.B.COM SUPPLEMENTARY EXAMINATION (REVISED COURSE)
ACCOUNTING-III SEMESTER-III JUNE 2017

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. Maruti Suzuki Ltd. held on 1st April 2016, Rs.2,00,000/- of 9% Govt. loan at Rs.1,90,000/- (face value of the loan Rs.100/- each). Three months interest had accrued on the above date.

On 31st May 2015, the company purchased the same Govt. loan of face value of Rs.80,000/- at Rs.95/- cum-interest. On 1st June 2016, Rs.60,000/- face value of the loan was sold at Rs.94/- ex-interest. On 30th November 2016, Rs.40,000/- face value of the loan was sold at Rs.97/- cum-interest. On 1st December 2015, the company sold Rs.10,000/- face value of the loan at Rs.95/- ex-interest. Interest on loan was paid each year on 30th June and 31st December and was credited by Bank on same date. The market price of the loan on 31st March 2017 was Rs.96/-.

Draw up 9% Govt. Loan Account in the books of Maruti Suzuki Ltd. FIFO method shall be followed and balance of loan hold by the company shall be valued at total average cost or Market price whichever is lower. **(20 marks)**

Q2. Mr. Unlucky held insolvency petition on 12th December 2016 and the statement of affairs was compared of the following figures.

Particulars	Amount (Rs)
Buildings (estimated to realized Rs.60,000)	70,000
Machinery (estimated to realized Rs.2,40,000)	3,00,000
Electric machinery	2,20,000
Furniture and fixtures (estimated to realized 30,000)	60,000
Stock in trade (estimated to realized to 8,50,000)	10,00,000
Book debts-	
Good debts	4,00,000
Bad and doubtful (estimated to realized Rs.1,40,000)	2,00,000
Investment in shares	3,20,000
Mortgage on electric machinery	2,00,000
Loan Partly secured by lien on Investment in shares	7,00,000
Loan fully secured by lien on stock in trade	2,000
Loan unsecured	15,00,000
Liability on bills receivable (estimated to rank Rs.70,000)	1,40,000
Creditors payable in full (preference share)	60,000
Bills of exchange	20,000
Cash with bankers	2,000

Mr. Unlucky started is business with the capital of Rs.8,00,000 in the period of five years ended 31st December 2016. He made profits of Rs.3,38,000 after allowing interest on capital to the extent of Rs.1,00,000 and he has withdrawn for income tax Rs. 50,000 and for personal expenses Rs.10,50,000. **Prepare the Statement of Affairs and Deficiency account.**

(20 marks)

Q3a Kohinoor Investments Ltd holds 1000 , 15% Debentures of 100 each in Jio Industries Ltd as on 1st April 2016, at a cost of Rs.1,05,000. Interest is payable on 30th June and 31st December each year.

On 1st May 2016, 500 debentures are purchased cum-interest at Rs.53,500/-.

On 1st November 2016, 600 debentures are sold ex-interest at Rs.57,300/-.

On 30th November 2016, 400 debentures are purchased ex-interest at Rs.38,400/-.

On 31st December 2016, 400 debentures are sold cum-interest for Rs.55,000/-.

Prepare Investment Account valuing holdings 31st March 2017 at cost (applying FIFO method). (15 Marks)

Q3b. Write short note on Right Shares.

(5 Marks)

Q4. On 31st December 2011 a receiving order was made against the firm of M/s Bankrupt when its balance sheet was as follow:

Liabilities	Amount(Rs)	Assets	Amount(Rs)
Creditors	28,000	Furniture	10,000
Bank overdraft	36,000	Machinery	18,000
Capitals		Building	9,000
A	9,000	Debtors	13,500
B	6,900	Stock	28,952
		Cash	448
	79,900		79,900

It was learnt that the firm had discounted bills worth Rs.4,500 of which bills worth Rs.2,400 were likely to be dishonored. Bank held as security Buildings & Partner 'A' life policy whose surrender value was Rs.4,800. One creditor of Rs.9,000 held machinery as security . All assets were expected to realize 75% except Furniture which was expected to realize Rs.2,000. Creditors included Rs.1,200 who were preferential.

Partner 'A' held government bonds of Rs. 9,000 and household furniture Rs.1,500 in addition to life policy and interest in the firm . His private creditors were Rs.6,000. Both government bonds and furniture were expected to realize 80% . Partner 'B' owned a house of Rs.13,500, expected to realize Rs.15,500. Mortgage to his private creditor to whom partner 'B' owed Rs.22,500.

Prepare the Statement of Affairs and Deficiency Account.

(20 Marks)

Q.5 The following trial balance was extracted from the books of Arabian Nights Restaurant as on 31.3.2016.

Particulars	Dr. Amount (Rs)	Cr. Amount (Rs)
Capital		8,00,000
Purchase of provisions	3,60,000	
Sales		9,42,000
Stock of provisions (1.4.2016)	26,000	
Trade creditors		30,000
Banqueting debtors	34,000	
Rent and rates	18,000	
Wages and salaries	1,99,000	

Light and Heat	31,000	
Repairs	15,600	
Restaurant furniture	76,000	
Kitchen Equipment's	88,000	
China and cutlery	33,200	
Drawings	2,200	
Cash at bank	11,000	
Leasehold premises	8,80,000	
Provision for bad debts		2,000
	17,74,000	17,74,000

You are required to prepare restaurant Trading and profit and Loss Account for the year -

- Final stock of provision Rs. 28,000.
- Adjust provision for bad debts to 5% of debtors.
- Provide depreciation on:

Restaurant furniture	10%
Kitchen equipments	Rs. 8,000
Premises	Rs. 40,000
China and cutlery were revalued at	Rs. 30,000
- Cost of staff meals is estimated at Rs. 32,000.
- Unrecorded purchases Rs. 2,000.
- Repairs include Rs. 600 in respect of repairs of the proprietor's house. (20 marks)

Q.6a. Reliance Ltd came up with the issue of 2,00,000 equity shares of Rs. 10 each at par 50,000 shares were issued to the promoters and the balance was affected to the public which was underwritten by 3 underwriters A, B & C equally. The firm underwriting was 50,000 each. Subscriptions totaled 12,97,000 shares including the marked forms which were A- 4,25,000 shares, B- 4,50,000 shares and C- 3,50,000 shares.

The underwriter had applied for the number of shares covered by firm underwriters. The amount payable on application and allotment were 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 (15 marks)

b. Write short note on Underwriting of Shares. (5 marks)

