

DCT's S.S Dempo College of Commerce & Economics.
Semester I Supplementary Examination June 2016 (New course)
Subject: Accounting I

Duration : 2 hours

Max. marks:80

Instructions: 1) Question no. 1 is compulsory

2) Answer any Three questions from remaining Five questions

3) Figures to the right indicate full marks.

QI) on 1st January ,2006; ABC Ltd. purchased machine on hire purchase system. ₹ 4000 being paid on delivery and the balance in five installments of ₹ 6000 each payable annually on 31st December. The vendor company charges 5% interest p.a. the cash value of machinery was ₹ 30000. Depreciation @ 10% is charged on machinery under straight line method.

Show journal entries in the books of ABC Ltd. under full cash price method.

(20 marks)

QII) M/S Sagar Transport Ltd. purchased a truck from TATA Motors on installment system on 1st April 2007 paying ₹ 30000 against delivery. The balance will be payable in four annual installments at the end of each accounting year on 31st March including interest at 10% p.a. on cash price. The installments paid were as follows:

31st March 2008 ₹ 64000, 31st March 2009 ₹ 49000, 31st March 2010 ₹ 35000 & 31st March 2011 ₹ 22000.

M/S Sagar Transport Ltd. charged depreciation at 10% on diminishing balance method. Prepare necessary accounts in the books of M/S Sagar Transport Ltd. under interest suspense method.

(20 marks)

QIII) Khan Ltd. obtained a lease of coalfield from Mr Shyam on following terms from 1st January 2007.

- i) Royalties will be ₹ 2 per ton of coal raised during the period.
- ii) Minimum rent will be ₹ 20000 for the first year with an annual increase of ₹ 2000 till it reaches ₹30000.
- iii) Short workings if any are recoverable within first three years only.

The coal raised by Khan Ltd. is as under:

Year	Extraction in tones
2007	2000
2008	4000
2009	20000
2010	30000

Prepare necessary accounts in the books of Khan Ltd. (20 marks)

QIV) Y Ltd. issued 25000 shares of ₹10 each payable as follows:

On Application ₹2. On Allotment ₹3. on First call ₹2. On Final call ₹3.

Applications were received for 30000 shares. The allotment was done as under:

To the applicants of 20000 shares--- Full

To the applicants of 8000 shares----5000 shares

To the applicants of 2000 shares ----nil

The surplus application money on partially accepted applicants is to be applied for subsequent calls. The directors made all the calls and all money due were received. One shareholder who was allotted 500 shares paid the entire amount on his shares with the allotment amount. He is to be paid the interest at 6% per annum for 6 months on the first and the final calls which he paid in advance.

Pass journal entries in the books of Y Ltd. and also prepare Cash book.

(20 marks)

QV) The following is the Balance Sheet of Sun Ltd. on 31st March 2010:

Liabilities	Amount	Assets	Amount
50,000 Equity Shares ₹ 10 each, ₹ 8 per share called and paid up	400000	Fixed assets	600000
5000 , 13% redeemable preference shares of ₹100 each.	500000	Investments	200000
Securities Premium	98000	Stock	200000
General reserve	90000	Debtors	200000
Profit & loss a/c	112000	Cash at bank	300000

Creditors	300000		
	1500000		1500000

The company decides:

- 1) To convert the partly paid-up equity shares into fully paid-up on 1st April, 2010 .
- 2) To redeem the preference shares on 30th April 2010 at a premium of 7.5% and for this purpose to issue 3000, 12% preference shares of ₹ 100 each at a premium of 10%, payable in full on application.
- 3) The resolution were carried into effect. For the purpose of the above redemption on 29th April 2010; the company sold its fixed assets costing ₹ 300000 for ₹ 382500 and all the investments for ₹260000. On 31st May 2010 all the payments were made on redemption except to holders of 200 shares who could not be traced.
Pass journal entries and prepare the Balance Sheet.

QVI) Answer 4 questions from the following:

(4* 5 marks)

- a) What do you mean by "profits otherwise available for dividends"? which profits are not available for dividends?
- b) Write a note on share capital.
- c) What do you understand by Calls in arrears & Forfeiture of shares
- d) Write a note on Hire Purchase system.
- e) Write the note on recoupment of short workings.
- f) What is Sub Lease?