

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
NUVEM - GOA**

SEMESTER END EXAMINATION, AUGUST 2020

Semester: VI of B.COM.

Course name & Code: Accounting II (DSE 7) - UCOD 125

Total marks: 30 Date: 07/08/2020 Duration: 2 hrs. Total No of pages: 04

Instructions: 1. Q. Nos. 1 consist of EIGHT questions. Answer any FIVE.

2. Q. Nos. 2 consist of SIX questions. Answer any FOUR.

3. Working Note to be prepared for all the problems.

Q I. Answer any FIVE of the following: - (2x5=10)

1. Mr. Ram wants to invest his surplus money. He approaches you for guidance. Mention the different investment opportunities available to him.
2. Ms. Suman want to start a boutique shop. Instruct Ms. Suman about the requirements to start the Boutique Shop?
3. Royal Co. Ltd decides to go in for liquidation, due to consequent losses for the last five years. Mention the procedure to be followed by the company?
4. Covid 19 has affected the Industry as well as the economy. As a student what suggestions would you offer for the revival of the Industrial Sector.
5. During the year Ms. Seema the chartered accountant paid office maintenance expenses amounting to ₹3,250. Find out the actual expenses chargeable to Income and Expenditure Account for the year ended 2020, if prepaid office maintenance expenses and outstanding office expenses are as follows:
Prepaid office maintenance expenses on 31.03.2019 ₹300; Prepaid office maintenance expenses on 31.03.2020 ₹400; Outstanding office maintenance expenses on 31.03.2019 ₹450; Outstanding office maintenance expenses on 31.03.2020 ₹500.
6. The liquidator of a company is entitled to a remuneration of 2% on assets realized and 3% on the amount distributed to unsecured creditors. The assets realized ₹10,00,000. Amount available for distribution to unsecured creditors before paying liquidators remuneration is ₹4,12,000. Calculate liquidators' remuneration if the surplus is insufficient to pay off unsecured creditors.

7. Selza Co. Ltd went into liquidation whose creditors are ₹36,000 includes ₹6,000 on account of wages of 15 men at ₹100 per month for 4 months immediately before the date of winding up; ₹9,000 being the salaries of 5 employees at ₹300 per month for the previous 6 months; Rent for godown for the last six months amounting to ₹3,000; income tax deducted out of salaries of employees ₹1,000 and directors fees ₹500; in addition it is estimated that the company would have to pay ₹5,000 as compensation to an employee for injuries suffered by him, which was contingent liability not accepted by the company and not included in above said creditors figure.

Find the amount of Preferential Creditors.

8. Sneha Co. Ltd. had issued 30,000, 15% convertible debentures of 100 each on 1st April 2016. The debentures are due for redemption on 31st March 2019. The terms of issue of debentures provided that they were redeemable at a premium of 5% and also conferred option to the debenture holder to convert 20% of their holding into equity shares (Nominal Value 10) at a price of 15 per share. Debenture holders holding 2,500 debentures did not exercise the option. Calculate the no of equity shares to be allotted to the Debenture holders exercising the option to maximum. Also pass the journal entry for the same.

Q II. Answer any FOUR of the following: -

(5x4=20)

1. Mr. Ganesh a Chartered Accountant is the owner of a three storeyed house. He occupies the ground floor for his profession. His receipt and payment for the profession is as follows.

Receipts	₹	Payment	₹
Cash in hand	3,000	Salaries	7,200
Audit Fees	53,350	Rent (Paid to Family)	3,000
		Motor Car Expenses	8,000
		Drawings	36,000
		Cash in hand	2,150
	56,350		56,350

Additional Information:

- The motor car expenses are shared equally between household and profession.
 - Annual expenses of the household are: Food ₹38,000; Clothing ₹8,000; and Miscellaneous Expenses ₹3,000.
 - Salary of Mrs. Deepa from a school ₹8,400.
 - He is the owner of another house from which rent @ ₹750 per month is received.
- Prepare Income & Expenditure of the Profession and Cash Statement of the Household of Mr. Ganesh.

2. Quick steel Ltd. issued ₹4,00,000 8% debentures at ₹ 100 on 1st July, 2016. Provision has been made for a sinking fund to be established with an annual of ₹8,000 to be made on 30th June, beginning in 2017. This amount together with the income from the investments received in the preceding year is to be invested annually on 1st July. On 31st December 2018; investments which had cost ₹6,080 were sold realizing the sum of ₹6,200. The income received from sinking fund investments for the years ended 30th June, 2018 and 2019 was ₹ 420 and ₹760 respectively.
- You are required to prepare Sinking Fund Account and Sinking Fund Investment Account for 2018 & 2019.

3. Calcutta Investment hold 600, 12% debentures of ₹100 each in Snow Ltd. as on 1st April, 2019 at a cost of ₹70,000. Interest payable on 30th June and 31st December each year.
- On 1st June, 2019; 200 debentures are purchased ex – interest at ₹20,400.
- On 1st November, 2019; 200 debentures are purchased ex – interest at ₹19,200.
- On 30th November 2019, 300 debentures are sold cum interest for ₹32,250.
- On 31st December, 2019; 400 debentures are sold ex- interest at ₹38,650.
- Prepare Investment account valuing closing stock on 31st March, 2020 at cost or market price whichever is lower. The debentures were quoted in the market at par on 31st March, 2020.

4. Golden Ltd. Pune went into Voluntary liquidation on 1st January 2019, when their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
20,000 Equity Shares of 10 each.	2,00,000	Plant & Machine	1,20,000
6% Debentures	50,000	Stock	65,000
		Debtors	60,000
		Cash in hand	2,000
		Miscellaneous Expenditure	3,000
	2,50,000		2,50,000

The liquidator realized the assets as follows:

Plant & Machine ₹1,00,000; Stock ₹50,000; Sundry Debtors ₹50,000.

The liquidator's remuneration was agreed at 2% on realization of assets and 2% on amount distributed to equity shareholders. Debenture holders are paid their dues on 30th June, 2019.

Prepare Liquidators Final Statement of Account.

5. Bright Ltd. Issued on 1st January 2018, 10,000, 6% debentures of ₹10 each at par repayable at the end of 2 years at a premium of 10%. The terms of Trust deed stipulate that a Sinking Fund should be created to accumulate sufficient funds for the purpose of redeeming the debentures. From the Sinking Fund table, it is ascertained that an amount of Re.0.9070 invested at the end of each year at 5% compound interest would fetch an amount of Re. 1/- at the end of two years.

All investments including re - investment of interest received were utilized for redemption of debentures. At the end of the 2nd year Investment were sold for ₹80,500.

You are required to prepare the following ledger accounts for 2 years.

- Sinking Fund Account
- Sinking Fund Investments

6. Rohit Ltd. Went into voluntary liquidation on 31st December 2019. On that day the company's share capital was as follows; 2,000, 8% Preference shares of ₹100 each fully paid; 4,000 Equity Shares of ₹100 each ₹80 paid up and 6,000 Equity Shares of ₹100 each ₹70 paid up.

The external liabilities of the company were 8% Debentures (having a floating charge on all assets) ₹2,00,000 and Creditors ₹3,20,000.

The amount realized by the liquidator through sale of assets were ₹8,76,000.

Legal charges on liquidation amounted to ₹2,000. Liquidation expenses were ₹5,200.

Liquidators remuneration was 2% on sale of assets and 4% on amount distributed to unsecured creditors.

Prepare liquidators statement of Account.