

B.Com. (Semester – VI) (New Course) Examination, April/May 2019

ACCOUNTING MAJOR – 1

Advanced Accounting – II

Duration : 2 Hours

Total Marks : 80

**Instructions :** 1) Q. No. 1 is compulsory.2) Attempt **any three** for Q. No. 2 to Q. No. 6.3) **Each** question carries **20** marks.4) Mention working notes and schedules required **wherever necessary**.

1. The following is the extract of Trial Balance of Vishal Limited as on 31<sup>st</sup> March 2018 :

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Particulars	Amount (Rs.)
Sales	1,20,00,000
Opening stock of raw material	10,00,000
Opening stock of finished goods	5,00,000
Purchase of raw material	27,00,000
Purchase returns	2,00,000
Sales returns	20,00,000
Interest received on fixed deposits	5,00,000
Miscellaneous income	4,00,000
Freight on raw materials	30,000
Salaries and wages	4,00,000
Bonus to employees	80,000

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Directors remuneration	8,00,000
Depreciation on Plant and machinery	3,00,000
Depreciation on land and buildings	5,00,000
Depreciation on furniture	1,00,000
Interest paid on debentures	5,00,000
Interest on loan from bank of Baroda	2,00,000
Repairs and maintenance expenses	80,000
Insurance premium paid on office premises	30,000
Electricity charges	40,000
Rent, rates and taxes	20,000
Audit fees	50,000
Advertisement expenses	1,20,000
Sundry expenses	10,000

**Additional information :**

- 1) Closing stock of raw materials and finished goods was Rs. 5,00,000 and Rs. 6,00,000 respectively.
- 2) Outstanding electricity charges and rent, rates and taxes were Rs. 10,000 and Rs. 30,000 respectively.
- 3) Miscellaneous income receivable was Rs. 10,000
- 4) Rs. 50,000 to be provided for bad and doubtful debts.
- 5) Prepaid advertisement expenses were Rs. 20,000.
- 6) Make a provision for income tax of Rs. 2,00,000.

Prepare statement of Profit and loss for the year ended 31<sup>st</sup> March 2018 as per the Schedule III of Companies Act, 2013.

2. Following is the Trial Balance of Butterfly Electronics Limited as on 31<sup>st</sup> March 2018. 20

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
Stock (at cost)	10,00,000	Share capital (Equity shares of Rs. 100 each)	40,00,000
Fixed Assets (Net Block)	24,70,000	General Reserve	1,40,000
Sundry debtors	8,00,000	Loan from IDBI (long term)	6,00,000
Staff advance (short term)	1,70,800	Provision for taxation	22,000
Cash in hand	1,20,000	Net profit for the year	5,40,000
Bank balance	9,88,000	Profit and loss account (opening balance)	2,00,000
Preliminary expenses	53,200	Unsecured loans (long term)	1,00,000
Advance tax	24,000	Sundry creditors	2,80,000
Bills receivables	1,16,000	Unclaimed dividend	10,000
Investments (long term)	1,50,000		
<b>Total</b>	<b>58,92,000</b>	<b>Total</b>	<b>58,92,000</b>

**Additional information :**

- 1) Transfer to general reserve Rs. 1,00,000.
- 2) Out of the debtors, debts due for more than six months were Rs. 1,04,000.
- 3) Sundry creditors included creditors for Goods Rs. 2,10,000 while the remaining are for expenses.
- 4) Loan from IDBI is secured against stock.
- 5) Market value of investments is Rs. 1,56,000 while the face value is Rs. 1,20,000.

Prepare Balance Sheet of Butterfly Electronics Limited for the year ended 31<sup>st</sup> March 2018.



3. From the following figures taken from the books of New Bombay General Insurance Limited prepare Revenue Account for the year ended 31<sup>st</sup> March 2018.

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Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Fire fund	9,30,000	Commission on direct business	2,99,777
General reserve	4,50,000	Commission on Re-insurance accepted	60,038
Investments	36,00,000	Outstanding premium	22,300
Premiums	27,01,533	Claims intimated but not Paid (1-4-2017)	60,000
Claims paid	6,02,815	Expenses on management	4,31,947
Share capital 9,000 shares of Rs. 100 each	9,00,000	Audit fees	36,000
Additional reserve	3,30,000	Rates and taxes	5,804
Profit and loss account (Cr.)	75,000	Rent	67,500
Re-insurance premium	1,12,525	Income from investment	1,53,000
Claims recovered from Re-insurers	21,119	Sundry creditors	22,500
Commission on reinsurance ceded	48,016	Agent's balance (Dr.)	20,000
Advance income tax paid	2,50,000	Cash on hand and bank balance	1,82,462

The following further information may also be noted :

- 1) Expenses of management include survey fees and legal expenses of Rs. 36,000 and Rs. 20,000 relating to claims.
- 2) Claims intimated but not paid on 31<sup>st</sup> March 2018 - Rs. 1,04,000.
- 3) Income tax to be provided at 55%
- 4) Transfer of Rs. 2,00,000 to be made from current profits to general reserve.

4. The following figures are available from the books of Western Bank Limited as on 31<sup>st</sup> March 2018. You are required to prepare the profit and loss account with necessary schedules :

20

Particulars	Amount (Rs.) (Rs. in 000's)
Interest on loans	3,10,000
Interest on cash credit	2,90,000
Interest on overdraft	2,00,000
Interest on balances with RBI	40,000
Interest on investments	10,000
Interest on fixed deposits	2,60,000
Interest on saving accounts	80,000
Interest on current accounts	30,000
Discount on bills discounted	1,90,000
Interest on borrowing from other banks	10,000
Profit on sale of investments	40,000
Loss on sale of investments	5,000
Income from joint ventures	25,000
Profit on revaluation on investments	35,000
Loss on revaluation of investments	10,000
Dividends received from joint stock companies	25,000
Salaries to staff	65,000
Rent and taxes	8,000
Depreciation on bank assets	21,000
Sundry income	18,000
Printing and stationery	17,000
Repairs and maintenance	14,000
Advertisements	6,000

	9,000
Directors' fees and allowances	6,000
Audit fees	8,000
Law charges	11,000
Postage and telephone charges	4,000
Other expenses	1,20,000
Profit on 1-4-2017	

**Additional information :**

- 1) Write off Rs. 19,000 for bad and doubtful debts
- 2) Provide 40% for taxation
- 3) Rebate on bills discounted is to be provided for Rs. 20,000.

5. Amazon Limited passed a resolution to wind up voluntarily. The summary of assets and liabilities as on 31<sup>st</sup> March 2017 was as under : 20

Liabilities	Amount	Assets	Amount
8,000, 6% cumulative		Freehold property	1,00,000
Preference shares of Rs. 10		Plant and machinery	1,10,000
each	80,000	Stock	90,000
12,000, equity shares of		Cash	250
Rs. 10 each	1,20,000	Debtors	59,750
5% debentures (secured on			
Freehold property)	60,000		
Bank overdraft	30,000		
Trade creditors	65,500		
Income tax payable	4,500		
<b>Total</b>	<b>3,60,000</b>	<b>Total</b>	<b>3,60,000</b>

**Additional information :**

Debentures are paid on 31<sup>st</sup> March 2018. The dividend on 6% cumulative preference shares is in arrears for last three years :

The freehold property was sold for 1,00,000. Plant and machinery realized Rs. 60,000, stock Rs. 75,000, and debtors realized Rs. 50,000.

Cost of liquidation was Rs. 5,000 and the liquidator's remuneration was fixed at Rs. 2,530 plus 2% on the amount realized and 10% on the amount returned to equity shareholders.

The company articles of association give the preference shares priority over equity shares both for dividend and capital.

Prepare liquidator's final statement of account as on 31<sup>st</sup> March, 2018 to show the distribution.

6. The following is the trial balance of Jandhan Bank Ltd. as on 31-3-2018 : 20

Particulars	Debit (Rs.)	Credit (Rs.)
Share capital - - 30,000 shares of Rs. 10 each		3,00,000
Statutory reserve		4,00,000
Saving deposits		4,50,000
Fixed deposits		2,78,000
Current deposits		3,74,000
Cash in hand	2,90,000	
Cash with RBI	4,20,000	
Interest and discount		3,00,000
Commission and brokerage		50,000
Interest on fixed deposits	30,000	
Interest on current deposits	12,500	
Interest on saving deposits	20,000	
Salaries (including salary Rs. 12,000 to manager)	1,31,000	
Rent, insurance and taxes	4,000	

	900	
Postage and telegram	7,000	
Printing and stationary	4,000	
Audit fees	3,300	
Depreciation	84,000	
Investments in shares	4,90,000	
Loans, cash credit and overdraft	1,80,000	
Bills discounted and purchased	1,60,000	
Government bonds	40,000	
Furniture	3,00,000	
Premises		24,700
Branch adjustment account		
<b>Total</b>	<b>21,76,700</b>	<b>21,76,700</b>

**Additional information :**

- 1) Rebate on bills discounted Rs. 27,000
  - 2) Create reserve for doubtful debts Rs. 11,000
  - 3) Bills for collection amounted to Rs. 80,000
  - 4) Net profit for the current year amounted to Rs. 99,300
  - 5) Transfer 25% of the current year's profit to statutory reserve
- You are required to prepare Balance Sheet as on 31<sup>st</sup> March 2018.