



NS – 406

I Semester B.Com. Examination, November/December 2016
(F + R) (CBCS) (2014-15 and Onwards)
COMMERCE
Financial Accounting – I

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written **completely** either in **English** or in **Kannada**.

SECTION – A

1. Answer **any five** sub-questions. Each sub-question carries **two** marks. (5×2=10)
- Mention any two objectives of accounting.
 - List any four accounting standards.
 - Mention any four disadvantages of Single Entry System.
 - What is pure single entry system ?
 - Give the meaning of down payment.
 - What is royalty ?
 - What do you mean by purchase consideration ?

SECTION – B

Answer **any three** questions. Each question carries **six** marks. (3×6=18)

2. Briefly discuss the users of accounting information.
3. From the following information calculate opening stock :

	Rs.
Purchases during the year	55,000
Sales during the year	1,25,000
Closing stock	18,000
Manufacturing expenses	12,000
Carriage inward	2,000
Rate of gross profit was 25% on cost	

P.T.O.



4. Calculate the amount of interest and principal included in each instalment.
 Cash price Rs. 2,00,000
 Down payment Rs. 50,000
 Balance in three instalments of Rs. 60,000 each payable at the end of each year.
5. Prepare an Analysis Table from the following details :
 Royalty payable Rs. 0.50 per ton of output
 Minimum rent Rs. 7,500 P.A.
 Shortworkings are recoverable during the first three years of the lease only
 Output during the first three years 10000, 14000 and 18000 tons respectively.
6. Calculate the amount of Purchase Consideration from the following :
 The purchasing company agreed to issue 30000 equity shares of Rs. 10 each at a premium of 10%, 1000, 8% preference shares of Rs. 100 each at par, 1000 6% debentures of Rs. 100 each at a discount of 10% and pay cash equal to 25% of the total purchase consideration.

SECTION – C

Answer **any three** questions. Each question carries **fourteen** marks. (3x14=42)

7. Mr. Tejas does not maintain proper books of accounts. From the following information, prepare Trading and Profit and Loss A/c for the year ended 31-3-2016 and the Balance Sheet as on that date.

Assets and Liabilities	1-4-2015	31-3-2016
	Rs.	Rs.
Debtors	18,000	25,000
Stock	9,800	13,200
Furniture	1,000	1,500
Creditors	6,000	4,500
Cash on hand	5,000	?

Analysis of other transactions are :

	Rs.
Cash collected from Debtors	60,800
Cash paid to Creditors	44,000
Salaries	12,000
Rent	1,500
Office expenses	1,800
Drawings	3,000
Foreign capital introduced	2,000
Cash sales	1,500
Cash purchases	5,000
Discount received	700
Discount allowed	300
Return inward	1,000
Bad debts	200

8. Raman purchased a machine costing Rs. 2,40,000 on 1-4-2013 from Bangalore Machines Ltd. under Hire Purchase System. The terms being Rs. 60,000 down and the balance in three equal annual instalments together with interest at 20% P.A. on the outstanding cash price. Depreciation is to be charged at 15% P.A. under Diminishing Balance Method.
- Prepare necessary Ledger Accounts in the books of Raman till 31-3-2016 under Asset Accrual method.

9. X Co. Ltd. took a lease from a landlord for a period of 25 years from 1-1-2010 on a royalty of Rs. 2 per ton of coal raised with a minimum rent of Rs. 20,000 and power to recoup shortworkings during the first four years of the lease. The annual output was as follows.

Year	Tons
2010	5000
2011	8000
2012	10000
2013	15000
2014	20000

Prepare Minimum Rent A/c, Royalty A/c, Shortworkings A/c and Landlord A/c.



10. A, B and C carrying on business in partnership sharing Profits and Losses in the ratio of 4 : 3 : 1 respectively. On 31-3-2016 they agreed to sell their business to a Limited Company. Their position on that date was as follows.

Liabilities	Rs.	Assets	Rs.
Sundry creditors	40,000	Freehold property	90,000
Loan	20,000	Machinery	60,000
Capitals :		Debtors	75,000
A	1,00,000	Stock	65,000
B	75,000	Cash	10,000
C	65,000		
	3,00,000		3,00,000

The company took over the following assets except cash :

Freehold property Rs. 1,10,000, Machinery Rs. 55,000, Debtors Rs. 70,000, Stock Rs. 60,000, Goodwill Rs. 20,000.

The company also agreed to pay the Creditors which were agreed at Rs. 38,500. The company paid Rs. 1,68,000 in fully paid shares of Rs. 10 each and the balance in cash. The expenses amounted to Rs. 2,500.

Prepare necessary Ledger Accounts in the books of the firm.

11. A) Calculate the cash price of an asset from the following details :

Down payment	Rs. 6,000
I instalment (payable at the end of I st quarter of the year)	Rs. 7,200
II instalment (payable at the end of II quarter of the year)	Rs. 6,900
III instalment (payable at the end of III quarter of the year)	Rs. 6,600
IV instalment (payable at the end of IV quarter of the year)	Rs. 6,300
Rate of interest = 20% P.A.	

- B) Prepare an Analysis Table from the following details :

- a) Minimum rent Rs. 20,000 P.A.
- b) Royalty payable Rs. 5.00 per ton.
- c) Shortworkings can be recoverable during the first 3 years of the lease only.
- d) The production for the past 4 years were as follows :
 - 2012 – 2000 tons
 - 2013 – 3000 tons
 - 2014 – 4000 tons
 - 2015 – 4500 tons



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1.3 : Financial Accounting**

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Instruction : Answer should be written completely either in **English** or in **Kannada**.

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **two** marks. **(5×2 = 10)**
- Mention any two methods of calculating purchase consideration.
 - What is Royalty ?
 - List out any two benefits of conversion of single entry system into double entry system.
 - What do you mean by Accounting Standards ?
 - Give the meaning of down payment.
 - What is recoupment of Shortworking ?
 - Who is a hirer ?

SECTION – B

Answer **any three** questions. **Each** question carries **six** marks. **(3×6 = 18)**

- What are the functions of Financing Accounting ?
- Calculate the interest included in each installments
Cash Price = Rs. 60,000
Down payment = Rs. 18,000
Three annual installments of Rs. 24,000, Rs. 18,000 and Rs. 12,000 respectively payable at the end of each year.
- Prepare an Analytical Table of Royalty from the following details :
Minimum Rent Rs. 25,000 p.a.
Royalty Rs. 2 per ton of ore raised
Shortworkings are recoverable during the first three years of the lease only.
The output for the first four years is as follows :
I year 3,000 tons, II year 10,000 tons, III year 30,000 tons and IV year 35,000 tons.

P.T.O.



5. Calculate the amount of purchase consideration from the following details

The purchasing company agreed to issue 10,000 Equity shares of Rs. 10 each at 25 per share, 1,000 9 % preference share of Rs. 100 at par, 1,000 10 % Debentures of Rs. 100 each at a discount of 10 % and to pay cash equal to 20 % of total purchase consideration.

6. Ascertain the value of stock at the beginning :

Purchases	Rs. 1,20,000
Direct wages	Rs. 80,000
Sales	Rs. 5,00,000
Stock at the end	Rs. 45,000

Rate of gross profit is 25 % on cost.

SECTION - C

Answer **any three** questions. **Each** question carries **fourteen** marks.

(3x14 = 42)

7. A mining company leased a property from 'X' at a royalty of Rs. 10 per ton with a minimum rent of Rs. 24,000 p.a. Each years excess of minimum rent over royalty is recoverable out of royalties of next three years. The results of the workings are as follows :

I year 2000 tons

II year 3000 tons

III year 4000 tons

IV year 5600 tons

V year 6000 tons

Prepare necessary Ledger A/cs. in the books of the company for five years.

8. On 1st January 2014 Miss Jayanthi purchased a washing machine from Royal enterprises on hire purchase basis. The cash price of the machine was Rs. 60,000, payable Rs. 12,000 on signing the agreement and the balance in four annual installments of Rs. 12,000 plus interest at 15 % p.a. payable on 31st December each year. Jayanthi writes off depreciation at 10 % p.a. on diminishing balance method. Show the necessary Ledger A/cs. in the books of Jayanthi.



9. A, B and C were in partnership sharing profits and losses in the ratio of 4 : 3 : 1 respectively. On 31st March 2014 they agreed to sell their business to a limited company. Their position on that date was as follows :

List of Asset & Liabilities

Liabilities	Rs.	Assets	Rs.
Creditors	16,000	Land and Building	36,000
Loan from Bank	8,000	Furniture	24,000
Capital A/c		Debtors	30,000
A	40,000	Stock	26,000
B	30,000	Cash	4,000
C	26,000		
	1,20,000		1,20,000

The company took the following assets at the valuation shown below :

Land and Building	Rs. 44,000
Furniture	Rs. 22,000
Debtors	Rs. 28,000
Stock	Rs. 24,000
Goodwill	Rs. 8,000

The company also agreed to pay creditor which was agreed at Rs. 15,400.

The company paid 3,300 shares of Rs. 10 each and the balance in cash. The expenses amounted Rs. 1,000. Prepare the necessary ledger accounts in the books of the firm.

10. Sri Ram a trader maintains his books under single entry system. He submits the following information.

a) **Assets and liabilities**

	1-4-14	31-3-15
	Rs.	Rs.
Cash	20,000	?
Debtors	72,500	80,000
Creditors	62,500	72,500
Furniture	20,000	20,000
Plant and machinery	40,000	38,000
Stock	30,000	42,000



b) **Cash transactions during the year 2014 – 15**

Cash from debtors	Rs. 6,20,000
Cash paid to creditors	Rs. 4,80,000
Wages	Rs. 24,000
Salaries	Rs. 16,000
Rent	Rs. 18,000
Drawing	Rs. 16,500
Cash purchase	Rs. 24,000
Cash sales	Rs. 36,000
Carriage outwards	Rs. 10,000

c) **Other details**

Bad debts	Rs. 3,200
Purchase returns	Rs. 6,200

Stock worth Rs. 6,000 was utilised by Sri Ram for personal use.

Prepare the final accounts for the year ending 31-3-2015.

11. a) A mining company took a lease from a land lord for a period of 20 years from 1st July 2010. On a royalty of Rs. 10 per ton. of Iron ore raised with a minimum rent of Rs. 20,000 and power to recoup shortworking during the first four year of the lease. The annual output was as under

I year 1000 tons

II year 1500 tons

III year 2000 tons

IV year 2250 tons

V year 2500 tons.

Prepare Shortworking account in the books of company.

- b) Ascertain credit sales from the following :

Opening debtors	Rs. 75,500
Cash received from debtors	Rs. 6,18,500
B/R received	Rs. 24,000
Sales returns	Rs. 8,600
Bad debts	Rs. 6,800
B/R dishonoured	Rs. 3,800
Discount allowed	Rs. 2,000
B/R discounted with bank	Rs. 4,500