



SN – 451

I Semester B.Com. Examination, November/December 2017
(F+R) (CBCS) (2014 – 15 and Onwards)
Commerce
Paper – 1.3 : 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)
- What do you mean by Accounting Standards ?
 - Mention any two objectives of Financial Accounting.
 - Bring out the meaning of short working with an example.
 - What is single entry system ?
 - State two features of hire purchase system.
 - What is Realisation Account ?
 - Mention the two methods of purchase consideration.

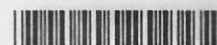


SECTION – B

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

2. Describe any three advantages and three limitations of Financial Accounting.
3. Prepare an analytical table of royalties from the following details :
- Minimum Rent ₹ 20,000 p.a.
 - Royalty ₹ 2.00 per ton of ore raised
 - Short workings are recoverable during the first 3 years of the lease only
 - The output for the first 4 years was
2013 : 2,000 tons,
2014 : 5,000 tons,
2015 : 15,000 tons,
2016 : 20,000 tons

P.T.O.



4. Ms. Venya purchases a motor car on hire purchases system. Calculate cash price of the motor car from the following.
Down payment ₹ 20,000 ; 1st yearly installment ₹ 28,000 ; 2nd yearly installment ₹ 36,000 ; 3rd yearly installment ₹ 33,000 ; Rate of interest 10 % p.a.

5. Calculate the total purchases from the following information.

| Particulars | Rs. |
|---------------------------------|--------|
| Opening Balance of creditors | 3,000 |
| Cash paid to creditors | 90,000 |
| Goods returned to creditors | 15,000 |
| Acceptances issued to creditors | 90,000 |
| Discount allowed by creditors | 2,000 |
| Closing balance of creditors | 6,000 |

Cash purchases during the period amounted to Rs. 50,000/-



6. Calculate the amount of purchase consideration from the following :
The purchasing Co., has agreed to issue 30,000 equity shares of ₹ 10 each at a premium of 10 %, 1,000, 8 % preference shares of ₹ 100 each at par, 1,000, 6 % debentures of ₹ 100 each at a discount of 10 % and pay cash equal to ₹ 25,000.

SECTION – C

Answer any three questions. Each question carries 14 marks.

(3×14=42)

7. On 1-1-2012 Deeksha and Company purchased a machinery under hire purchase system. The cash price was ₹ 17,000 payable as under, ₹ 2,000 on signing the agreement and the balance in 3 installments of ₹ 5,000 each together with interest at 8 % p.a. On 31st of December each year the asset is depreciated at 10 % p.a. on original cost method.

Prepare necessary Ledger Accounts in the books of Deeksha and Co., under asset accrual method.

8. Ms. Monika patented an Automatic Door Closer and granted to Ms. Suraksha the licence to manufacture and sell the Door Closers for 10 years on the following terms.
- Suraksha to pay a Royalty of ₹ 5 for every door closer sold with a minimum rent of ₹ 2,500 p.a.
 - Suraksha could set off the short workings arising in any year against surplus royalties payable in the next 2 years.



- c) From the second year onwards the dead rent is agreed upon at ₹ 2,000 instead of ₹ 2,500 and all other terms being unchanged. The other details are :

| Year | Sales (units) |
|------|---------------|
| 2013 | 100 |
| 2014 | 200 |
| 2015 | 300 |
| 2016 | 500 |

Show ledger accounts in the books of Suraksha and Co., including minimum rent account.

9. Mr. Ridhansh, a general goods merchant does not maintain his books of accounts systematically. However the following information could be ascertained from his books of accounts for the year ended 31st March 2016.

Assets and Liabilities**Balances**

| | 1-4-2015 | 31-3-2016 |
|---------------------|----------|-----------|
| | ₹ | ₹ |
| Plant and machinery | 63,000 | 63,000 |
| Stock of goods | 28,000 | 24,500 |
| Sundry debtors | 7,000 | 10,500 |
| Sundry creditors | 17,500 | 16,310 |
| Balance at bank | 14,000 | 16,110 |

Cash Transactions during the year ended 31-3-2016 :

| Particulars | ₹ |
|-----------------------------|----------|
| Wages paid | 21,000 |
| Sundry expenses | 8,250 |
| Advertisement expenses | 3,920 |
| Rent paid | 8,750 |
| Purchase expenses | 8,610 |
| Cash collected from debtors | 2,88,750 |
| Cash paid to creditors | 2,25,190 |
| Drawings | 10,920 |

Mr. Ridhansh drew goods worth ₹ 2,730/- from the business during the year for his household purposes. The purchase returns and sales returns during the year amounted to ₹ 7,000/- and ₹ 3,500/- respectively. The plant and machinery have to be depreciated at 5 %.

Prepare Trading and Profit and Loss A/c for the year ended 31st March 2016 and also Balance Sheet on the same date.





10. Ram and Prem are partners having profit sharing ratio of 2 : 1 and their Balance Sheet as on 31-3-2017 was as follows :

| Liabilities | ₹ | Assets | ₹ |
|----------------|-----------------|------------------|-----------------|
| Creditors | 40,000 | Cash in hand | 300 |
| Bills payable | 10,000 | Bills receivable | 5,000 |
| Ram's loan | 20,000 | Debtors | 60,000 |
| Ram's capital | 30,000 | Less : Reserve | <u>3,000</u> |
| Prem's capital | 20,000 | | 57,000 |
| Reserve fund | 6,000 | Stock | 43,700 |
| | | Machinery | 20,000 |
| | 1,26,000 | | 1,26,000 |

They agreed to sell the business to a Limited Co. and the Co., to take over the assets and liabilities as follows :

Machinery at ₹ 16,000, Stock at ₹ 35,000, Debtors at ₹ 50,700. B/R at ₹ 5,000 and Goodwill at ₹ 6,000.

The company agreed to take over Creditors at ₹ 38,000 and B/P at ₹ 10,000. The expenses of realisation amounted to ₹ 300. The firm received ₹ 40,000 of the purchase price in ₹ 10 fully paid equity shares and the balance in cash. Distribute the shares as per original capital ratio.

Prepare the necessary Ledger Accounts in the books of the firm.

11. a) From the following details drawn from the books of Pradeeksha, you are required to ascertain the opening stock :

| | ₹ |
|--------------------------------|--------|
| Purchases made during the year | 22,000 |
| Sales made during the year | 33,000 |
| Closing stock | 2,000 |
| Wages, Freight | 500 |
| Indirect expenses | 700 |
| Rate of gross profit on cost | 50 % |
| Return inwards | 3,000 |
| Return outwards | 2,000 |



- b) Calculate the amount of Interest included in each instalment of hire purchase system.

Cash price ₹ 1,50,000, Down payment ₹ 45,000, 3 annual instalment of ₹ 60,000, ₹ 45,000, ₹ 30,000 respectively payable at the end of each year.