

**B.COM. DEGREE END SEMESTER EXAMINATION - OCTOBER 2019****SEMESTER – 1: COMMERCE (CORE COURSE)****COURSE: 15U1CRCOM2: FINANCIAL ACCOUNTING***(Common for Improvement 2018/ Supplementary 2018/2017/2016 /2015 admission)*

Time: Three Hours

Max. Marks: 75

**SECTION A***Answer all questions. Each question carries 2 marks*

1. State any two objectives of financial accounting
2. Give any two difference between entities for profit and non- profit entities.
3. What do you mean by closing entries? Give two examples
4. Pass rectification entries: a) Rent paid to landlord debited in landlord's account –Rs.5000  
b) Goods bought for domestic use Rs.2000 debited in purchase account
5. State the meaning of 'marshaling' of Balance sheet.
6. What do you mean by Dead Rent?
7. What is pro-forma invoice?
8. Differentiate between branches and departments.
9. State the meaning of account sale.
10. What are the situations under which the reconciliation between branch books and head office books are required? (10 x 2 = 20 )

**SECTION B:***Answer any five questions. Each question carries 5 marks*

11. Give the journal entries to be passed for incorporating the branch trial balance in Head Office books
12. Differentiate between Receipt and Payment account and Income and Expenditure account.
13. Chetak Ltd: consigned 100 pumps to Vijaya Associates @ ₹8000 per set which is 33.33% above cost price. Chetak Ltd: paid packing charges ₹2400 and freight ₹6600. Consignee sold 60 pumps @ ₹ 8500 and 20 pumps@ ₹8600. Vijaya Associates paid ₹3000 for freight, ₹1800 for advertisement and ₹2200 for salesmen's salaries.  
Two pumps were lost by theft from the godown of consignee for which insurance company paid ₹ 9500 to consignee. Calculate:
  - a) Loading in invoice price
  - b) Amount of abnormal loss
  - c) Valuation of closing stock
  - d) Value of Stock Reserve
14. As per Receipt and Payment Account for the year ended on March 31, 2017, the subscriptions received were Rs. 2,50,000. Additional Information given is as follows:
  1. Subscriptions Outstanding on 1.4.2016 Rs. 50,000
  2. Subscriptions Outstanding on 31.3.2017 Rs.35,000
  3. Subscriptions Received in Advance as on 1.4.2016 Rs.25,000
  4. Subscriptions Received in Advance as on 31.3.2017 Rs.30,000.

Ascertain the amount of income from subscriptions for the year 2016–17

15. The following is the extract from the trial balance of Mr.Soman. Show the treatment in profit & loss a/c and balance sheet.

| Particulars                          | Dr(Rs) | Cr(Rs) |
|--------------------------------------|--------|--------|
| Sundry Debtors                       | 21000  |        |
| Bad Debts                            | 500    |        |
| Provision for bad and doubtful debts |        | 300    |

Adjustments:

- Write off further bad debts Rs.1000
  - Create a provision for bad and doubtful debts @ 7.5% of debtors
  - Also create provision for discount on debtors @ 3% on debtors.
16. Vivek minerals obtained a mining lease on the following terms:
- Royalty@₹1 per ton of minerals raised
  - Minimum rent ₹24000 per annum
  - Short workings can be recouped within the next 3 years, subject to a maximum of ₹5000 p.a
  - In the event of strike, the minimum rent would be taken prorata on the basis of actual working days
  - In the year of lockouts, the lessee would enjoy a concession in respect of minimum rent for 50% of the period of lock out
- Besides the above, Vivek minerals have been granted a cash subsidy equal to 25% of the recouped short workings by the central government upto the first 5 years of the lease
- The production for the first 6 years were as follows:
- | Year | output (tones)              |
|------|-----------------------------|
| 2011 | 14000                       |
| 2012 | 20400                       |
| 2013 | 32200                       |
| 2014 | 27200                       |
| 2015 | 21600(strike for 73 days)   |
| 2016 | 19400(lockout for 4 months) |
- Find out:
- Minimum rent for the strike period
  - Minimum rent for the year of lockout
  - Irrecoverable short workings during the year 2015
17. Vijaya Associates purchased 18000 units of wireless mouse @ Rs.200/- and out of these, 12000 mouse were sent on consignment to Ozone computers at a selling price of Rs.240/- per unit. Ozone computers is entitled to a commission of 5% on total sales plus further 20% commission on any surplus price realised over Rs.240/- per unit. Ozone computers sold 10000 mouse @ Rs.250 per unit.
- Expense of the consignor – Rs.6000/- as forwarding charges  
Expense of consignee – Rs.2000/- as selling expense.
- Owing to fall in the market price, the value of closing stock is to be reduced by 10%
- Prepare consignment account

(5 x 5 = 25)

## SECTION C

Answer both questions from this section. Each question carries mark of 10

18. From the following particulars relating to Bangalore Branch for the ending 31<sup>st</sup> December, 2016. prepare the accounts in the head office books under Stock and Debtors system

|   |           |
|---|-----------|
| Stock at Branch on 1st January, 2016              | Rs. 15000 |
| Branch Debtors on 1st January, 2016               | 25000     |
| Cash at Branch on 1 <sup>st</sup> January 2016    | 500       |
| Cash sent to branch                               | 1500      |
| Goods sent to Branch during the year              | 50000     |
| Cash Sales during the year                        | 32000     |
| Credit Sales during the year                      | 58000     |
| Rent  | 1500      |
| Salaries  | 5000      |
| Discount allowed to customers                     | 2,000     |
| General Trade charges                             | 1500      |
| Normal loss                                       | 1000      |
| Abnormal loss                                     | 2000      |
| Stock at Branch on 31 <sup>st</sup> December 2016 | 14000     |
| Debtors on 31 <sup>st</sup> December 2016         | 35000     |
| Goods returned by the Branch                      | 500       |
| Return from customers                             | 600       |
| Allowances to customers                           | 300       |
| Bad debts written off                             | 500       |
| Remittance from branch                            | 70000     |

19. Prepare the Income and Expenditure Account and Balance Sheet of Anjely Club for the financial year 2016-17 from the following:

Receipts and Payments Account for the year ended 31.3.2017

| Receipts                            | Amount       | Payments                   | Amount       |
|-------------------------------------|--------------|----------------------------|--------------|
| Balance b/d                         |              | Salary                     | 5000         |
| Cash                                | 500          | General expense            | 3000         |
| Bank                                | 2500         | Printing and stationary    | 1000         |
| Subscription                        | 10000        | Postage and telegram       | 500          |
| Sale of news paper                  | 500          | Sports equipment purchased | 700          |
| Entrance fee(2/3 to be capitalised) | 1500         | Tournament expense         | 400          |
|                                     | 2000         | News paper                 | 800          |
| Miscellaneous income                | 1000         | Balance b/d                |              |
| Donations(Fully capitalised)        |              | Cash                       | 600          |
|                                     |              | Bank                       | 6000         |
|                                     | <u>18000</u> |                            | <u>18000</u> |

Following information is also available

|                     | 1.4.2016 | 31.3.2017 |
|---------------------|----------|-----------|
| Salary outstanding  | 400      | 300       |
| Stock of Stationary | 50       | 100       |
| Furniture           | 6000     | ----      |

Depreciate furniture by 10% p.a

Subscription includes Rs.600 for the previous year and Rs.700 for the year 2017-18.

Subscription outstanding during the year Rs.500.

20. Alpha Associates consigned 1,000 Motors to Bashir at an invoice cost of Rs.150 each. Alpha Associates paid freight Rs.10,000 and insurance Rs.1,500. During transit 100 motors were completely destroyed. Bashir took delivery of the remaining motors and paid Rs.14,400 as duty. Bashir sent a bank draft to for Rs.50,000 as an advance payment and later sent an account sale showing that 800 motors were sold at Rs.220 each. Expenses incurred by Bashir on godown rent and advertisement etc., amounted to Rs.2,000. Bashir is entitled to commission of 5%.

**You are required to prepare consignment account and Bashir's account in the books of Alpha Associates, assuming that nothing has been recovered from the insurance company due to defect in the policy.**

21. How do you treat the following items while preparing the final accounts of sole trading concern? Substantiate your answer by giving journal entries for the first four items.

- goods destroyed by fire Rs.15000 and
  - Insurance company paid Rs.10000
  - Insurance company admitted the total claim
- Interest on drawings
- goods sent on sale or approval basis
- goods distributed as free sample
- contingent liability
- under valuation of closing stock

22. Zioni Technologies patented an automatic vending machine and granted the licence to Yazir Ltd. To manufacture and sell the machine for 15 years on the following terms:

- Yazir Ltd. to pay a royalty of Rs.100/- for every machine sold with a minimum rent of Rs.50000/- p.a
- Yazir Ltd. could recoup the short workings arising in an year against surplus royalties payable in the next two years.

Details of production and closing stock for the first 4 years were as follows:

| Production (units) | Closing stock (units) |
|--------------------|-----------------------|
| 250                | 50                    |
| 450                | 100                   |
| 550                | 50                    |
| 650                | 100                   |

Prepare Royalty account, Zioni Technologies account in the books of Yazir Ltd.

(10 x 3 = 30)