

**B. COM DEGREE END SEMESTER EXAMINATION - OCT 2020 : FEBRUARY 2021****SEMESTER 1 : COMMERCE****COURSE : 19U1CRCOM2 : FINANCIAL ACCOUNTING***(For Regular - 2020 Admission and Supplementary/Improvement - 2019 Admission)*

Time : Three Hours

Max. Marks: 75

**PART A****Answer any 10 (2 marks each)**

1. Distinguish between capital expenditure and revenue expenditure
2. Explain prudence or conservatism principle.
3. Point out any two differences between commercial entities and non profit entities.
4. What is revenue receipts?
5. Writedown the entry for amount due to the lessor when there is minimum rent clause, in the following cases
  - a. By openig a minimum rent account
  - b. Without minimum rent account
6. How will you record cash subsidy in the book of lessee?
7. What is incorporation of branch trial balance?
8. What is consolidated Balance Sheet?
9. Distinguish debtors system from stock and debtors system.
10. What do you mean by consignment?
11. What do you mean by account sales?
12. How will you treat the expenses met by consignor and consignee?

**(2 x 10 = 20)****PART B****Answer any 5 (5 marks each)**

13. What is accounting standards? What are its objectives?
14. Pass necessary adjusting entries.
  - a. Rs.12000 for insurance and Rs.20,000 for income tax were paid in advance.
  - b. Write off depreciation on machinery Rs.80000 and on building Rs.30,000.
  - c. Rs.11,000 were bad debts during the year.
15. From the following particulars prepare receipts and payments account of Neera club for the year ended 31<sup>st</sup> December 2014.

Cash balance(opening)	650
Subscriptions(including 350 relating to 2013)	6500
Donations for construction of Pavilion	2500
Bank interest received	250
Salaries(including Rs.550 outstanding 2014)	1600
Entrance fees	300
Sale of old certificates	75

Profit on sports materials(collection Rs.3000 and expenses Rs.2250)	750
Sales proceeds of old furniture	800
Printing and stationery	180
Rent paid	4850
Purchase of sports materials	450
Postage and telegram	115
Purchase of saving certificates	1600

16. What do you mean by short workings and recoupment of short working. What are the entries in the books of lessee or recoupment of short working?
17. On last January 2002 Minerva Ltd. took on lease, a field from Earth Ltd. on a royalty of Rs. 12 per tonne of coal raised, payable on 31<sup>st</sup> December every year. The following are the results of working for the first four years

YEAR	PRODUCTION IN TONNES
2002	4500
2003	5200
2004	6000
2005	6300

Give journal entries and ledger accounts in the books of Minerva Ltd for the four years

18. Write note on:  
 Branch adjustment account  
 Independent Branches  
 Foreign Branches
19. On 1st January 1995, Zen sent 1,000 units of silk products to Biren Singh of Delhi. The goods cost Rs 75,000 to Zen and these were sent on consignment basis. Zen had to incur an expenditure of Rs 1,500 on the goods. On the due date goods reached the destination and Biren Singh had to spend Rs 1,000 for carriage. On 30<sup>th</sup> September, 1995 an account sales was received from Biren Singh showing that 750 units were sold @Rs 150. He charged 4% ordinary commission and 3% delcredere commission. The consignee sent with Account Sale a sight draft for Rs 90,000. The bad debts were Rs 1,720 sales expense of Biren Singh amounted to Rs 1,000. You are required to prepare 1. Consignment to Delhi Account; 2. Biren Singh's account .
20. Explain the treatment of bad debts in consignment accounts.

**(5 x 5 = 25)**

**PART C**  
**Answer any 3 (10 marks each)**

21. The following is the Trial Balance of a merchant as on 31<sup>st</sup> December 2015.

Particulars	Dr	Particulars	Cr
Furniture	640	Capital	12500
Motor vehicles	6250	Provision for bad debts	200
Buildings	7500	Sundry creditors	2500
Bad debts	125	Sales	15540
Sundry debtors	3800	Bank overdraft	2850
Opening stock	3460	Purchase returns	125
Purchases	5475	Commission	375
Sales returns	200		
Advertisement	450		
Interest (on bank overdraft)	118		
cash	650		
Tax and insurance	1250		
General expenses	782		
Salaries	3300		
	<b>34000</b>		<b>34000</b>

The following adjustments are to be made:

- a. Stock in hand on on 31<sup>st</sup> December 2015 was Rs.3250
- b. Depreciate building at the rate of 5%, furniture @10% motor vehicles @ 20%.
- c. Rs.85 is due for interest on bank overdraft.
- d. Salaries Rs.300 and taxes Rs.120 are outstanding.
- e. Insurance amounting to Rs.100 is prepaid.
- f. One – third of the commission received is in respect of work to be done next year.
- g. Write off further sumof Rs100 as bad debt and provision for bad debts to be made equal to 10% on sundry debtors.
- h. Opening stock found overcast by Rs.1000.

Prepare Trading and Profit and Loss Account for the year ending 31<sup>st</sup> December2015and a Balance Sheet as on that date.

22. A Colliery worked under a lease which provided for the payment of royalties at Rs. 5 per tonne with a minimum rent of Rs. 1,70,000 per annum. Each year's excess of minimum rent over actual royalties was recoverable during the subsequent three years. The lease, however, stipulated that if in any year the normal rent was not attained due to strike or accident the minimum rent was to be regarded as having been reduced proportionately having regard to the length of the stopage. The output was as follows:

For the year ended 31 <sup>st</sup> March 1999	4000 tonnes
For the year ended 31 <sup>st</sup> March 2000	28,000 tonnes
For the year ended 31 <sup>st</sup> March 2001	30,000 tonnes
For the year ended 31 <sup>st</sup> March 2002	46,000 tonnes

For the year ended 31<sup>st</sup> March 2003                      30,000 tonnes

For the year ended 31<sup>st</sup> March 2004                      50,000 tonnes

During the year 2002 there was a stoppage in work due to strike lasting for three months. Give necessary ledger accounts in the books of colliery.

23. The Kanishka Minerals Ltd. are the lessees of a mine from Sangeeth Raj on a Royalty of Rs. 20 per tonne of copper raised with a minimum rent of Rs. 20,000 per annum and with power to recoup short working during any year of lease when there is excess of royalty over minimum rent.

The output for the first four years were as follows:

Year ending 31<sup>st</sup> December 2002    700 tonnes

Year ending 31<sup>st</sup> December 2003    800 tonnes

Year ending 31<sup>st</sup> December 2004    1000 tonnes

Year ending 31<sup>st</sup> December 2005    1600 tonnes

Draft the necessary journal entries and prepare important ledger accounts in the books of Kanishka Minerals Ltd.

24. Ganapati Pappad has a branch at Trissur to which goods are supplied at selling price, which is cost plus 16.66%. The following relate to the branch for a particular year.

Stock branch on opening	21,000
Debtors at branch on beginning	12,000
Goods sent to branch during the year	86,000
Return by branch to head office	2,000
Cash sales	76,000
Credit sales	18,000
Receipt from debtors	15,000
Discount and allowances to debtors	1,100
Remittance to branch for expenses	7,800
Returns by debtors to branch	1,600
Stock at branch in closing	14,000

Prepare Branch Stock Account, Branch Debtors Account, Branch Expenses Account and Branch Adjustment Account and Branch and Loss Account

25. Sanjay Industries of Ludhiana consigned 1000 Fast Rider bicycles to their agent, Riders Agency at Madras at a cost of Rs. 2,200 each. The expenses at Ludhiana were carriage and loading Rs 30,000 and insurance Rs 20,000.

Riders Agency took delivery of the bicycles after accepting a bill of Rs 7,00,000 drawn against the consignment, which the consignor discounted for Rs 6,70,000. They paid Rs 20,000 for freight, loading and unloading and sold 800 bicycles @ Rs 2,600 for cash and 50 bicycles @ Rs 2,800 on credit for which they were entitled to a commission of 6%.

A customer who bought 5 cycles became insolvent and nothing could be recovered from him. All other debts were fully collected. The sales expense of Riders Agency was Rs 14,500.

Give ledger accounts in these books of Sanjay Industries and journal entries in the book of Riders Agency.

**(10 x 3 = 30)**