

Reg. No

Name

22U134

B. COM DEGREE END SEMESTER EXAMINATION : OCTOBER 2022

SEMESTER 1 : COMMERCE

COURSE : 19U1RCOM2 : FINANCIAL ACCOUNTING

(For Regular – 2022 Admission and Improvement / Supplementary - 2021/2020/2019 Admissions)

Time : Three Hours

Max. Marks: 75

PART A

Answer any 10 (2 marks each)

1. What is the treatment of bad debts in the book of consignor and consignee when there is no del credere commission.
2. Write down the entries in the book of lessor when there is no minimum rent clause.
3. What is incorporation of branch trial balance?
4. What do you mean by IFRS?
5. What is revenue payments?
6. Point out any two differences between commercial entities and non profit entities.
7. What do you mean by branch?
8. What is recoupment of short workings?
9. Write a note on conservatism.
10. Difference between reserves and provisions.
11. Distinguish between capital expenditure and revenue expenditure
12. What is stock and debtors system?

(2 x 10 = 20)

PART B

Answer any 5 (5 marks each)

13. What are the different types of errors in accounting?
14. From the following particulars prepare Receipts and Payments Account of Neera Club for the year ended 31st 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

15. Pass necessary adjusting entries.
- Rs.12000 for insurance and Rs.20,000 for income tax were paid in advance.
 - Write off depreciation on machinery Rs.80000 and on building Rs.30,000.
 - Rs.11,000 were bad debts during the year.
16. What do you mean by a branch? What are the differences between branches and departments?
17. Explain the treatment of bad debts in consignment accounts.
18. 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 31st 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

19. Menon sends goods on consignment to Patel. As per agreement Patel will receive 10% commission on the invoice price. Menon sent goods costing 20,000 at a profit of 25% and spent Rs 2,000 on freight and insurance. Patel received the goods and paid octroi Rs 250 and other expenses Rs 500. He sold $\frac{3}{4}$ of the goods for 26,000. Part of the sales were on credit and one customer failed to pay Rs 500 on account of insolvency. Write up the necessary accounts in the books of Menon.
20. On 1st January 2000 X Ltd. took on lease a mine from Y Ltd. on a royalty of Rs. 15 per tonne of mineral extracted with a minimum rent of Rs. 30,000 per annum. The following relate to the working of X Ltd. for the first five years.

YEARS	QUANTITY IN TONNES
2000	1400
2001	1600
2002	1800
2003	2200
2004	2000

Give journal entries and ledger accounts in the books of X Ltd. Assuming that there is no provision for recoupment of shortworkings during subsequent years.

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. Ashok Cycles, Agra, consigned 100 bicycles of Rs. 1600 each to their agent Mahesh and sons at Madras for sale on commission of 5% on gross sales effected. Expenses at Agra were Rs. 3000 for carriage and 2000 for insurance. Mahesh and sons took delivery of the bicycles after accepting a three months bill for Rs. 80,000 drawn against the consignment, which the consignor discounted for Rs. 76000.
- The consignee paid Rs. 300 for loading and unloading and 1200 for freight. They sold 70

bicycles @ Rs. 1700 for cash and 10 bicycles on credit @ 2000.

A customer who bought two cycles became insolvent and nothing could be recovered from him. The balance is fully collected. The sales expenses of Mahesh and sons amounted to Rs. 720.

Give ledger accounts in the books of consignor and consignee.

22. 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 31st December 2002 700 tonnes

Year ending 31st December 2003 800 tonnes

Year ending 31st December 2004 1000 tonnes

Year ending 31st December 2005 1600 tonnes

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

23. Dr. Dev owned a Patent Right to produce and sell Coconut Tree Climbing Machine. On 1st January 2001 he granted a license to Jet Products Ltd. to use the right on a royalty of Rs. 50 per unit produced with a dead rent of Rs. 50,000 per annum. The short working is recoverable with in the first four years of the lease agreement. The working was:

Year	2001	2002	2003	2004	2005
Quantity in tonnes	700	800	1000	1400	1500

Give journal entries and important ledger accounts in the books of Jet Products Ltd.

24. The following is the Trial Balance of Delhi Branch submitted to Head Office as on 30th Sept. 2006.

	Dr.Rs	Cr.Rs
Stock at Branch on 1 st Oct. 2005	21,000	
Goods from H.O.	62,000	
Purchases	92,000	
Salaries	6,000	
Sales		2,10,000
Cash at bank	18,000	
Wages	6,000	
Rent, rates and insurance	7,000	
Discount		3,000
Sundry debtors	35,000	
Head Office Account	3,000	
Sundry creditors		<u>37,000</u>
	<u>2,50,000</u>	<u>2,50,000</u>

Stock at Branch 30th September 2006 is valued at Rs 32,000. The Head Office maintains the account of Branch Machinery of Rs 20,000 for which a depreciation of 20% per annum is required.

The Branch Account in the Head Office book shows a debit balance of Rs 1,800. The goods sent to Branch Account as per head office book shows a credit balance of Rs 65,000

Give incorporation entries and the Branch account in head office books.

25. The following is the Trial Balance of Sree Ganesh Traders as on 31st December 2015.

Particulars	Dr	Particulars	Cr.
Drawings	4,000	Capital	47,000
Opening stock	16,000	Sales	90,000
Purchases	54,000	Provision for bad debts	3300
Excise duty	3,000	Creditors	14000
Manufacturing wages	4,000	Interest	700
Coal, coke and power	2,000	Bills payable	9,000
Salaries	4200		
Office expenses	2400		
Bad debts	500		
Debtors	12200		
Plant and machinery	30000		
Cash and bank balance	4000		
12% investments	12000		
Insurance and taxes	1800		
Trade expenses	900		
Furniture and fixtures	6000		
Bills receivable	7000		
	1,64,000		1,64,000

- A. Closing stock is valued at Rs.37000
- B. Salaries outstanding is Rs.800 and insurance is prepaid for 3 months @Rs.600 per annum.
- C. Write off Rs.200 for bad debts and provide 5% for bad debts.
- D. Provide 2% of debtors and creditors for discount.
- E. Interest on investment is due for the last 3 Months.
- F. Manager is entitled to a commission of 5% of net profit.

Prepare Trading and Profit and Loss Account for the year ending 31st December 2015 and a Balance Sheet as on that date.

(10 x 3 = 30)