



I Semester B.Com. Examination, Nov./Dec. 2014  
(CBCS) (2014-15 and Onwards) (Fresh)  
COMMERCE

1.3 : Financial Accounting

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 2 marks. (5×2=10)
- What do you mean by accounting standard ?
  - Write any two differences between single entry system and double entry system.
  - What is recoupment of shortworking ?
  - Give the meaning of hire purchase system.
  - How do you close Realisation Account ?
  - Give any two reasons for conversion of a firm into a limited company.
  - Calculate the missing figure

	₹
Capital at the beginning	70,800
Further capital introduced	18,800
Drawings	11,200
Net Loss	5,600
Closing capital	?

SECTION – B

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

- What are the functions of accounting ?
- From the following information calculate total purchases and total sales :

	₹
Opening Debtors	28,000
Closing Debtors	20,000
Opening Creditors	16,000
Closing Creditors	19,000
Cash received from debtors	12,800
Cash paid to creditors	4,000

P.T.O.



Discount earned	400
Discount allowed	800
B/R received from debtors	5,000
B/P issued to creditors	11,600
Bad debts written off	600

4. Mr. Shreekanth purchased a motor bike on hire purchase system on 1-04-2010. Total cash price of motor bike was ₹ 63,920, payable ₹ 15,920 down payment and 3 installments of ₹ 16,000 each year plus interest at 5% payable at the end of the year. Depreciation is to be charged at 10% p.a. on straight line method.

Prepare Motor Bike Account and Hire Vender Account in the books of Shreekanth.

5. Prepare Royalty analysis table from the following details :

- ₹
- i) Minimum Rent 75,000 p.a.
  - ii) Royalty payable ₹ 5 per ton of output
  - iii) Shortworking of the year can be recouped on the next 2 years out of excess royalty.
  - iv) Output for the first five years were

Years	1	2	3	4	5
Output in tons	10000	12200	20800	25500	35500

6. From the following details calculate purchase consideration and show the journal entries in the books of purchasing company.

The purchasing company has agreed to issue 8000 Equity shares of ₹ 10 each at par. 500 8% Preference shares of ₹ 100 each at 10% premium, 1000 debentures of ₹ 50 each at 10% discount and pay cash equal to 10% of total purchase consideration.

### SECTION - C

Answer **any three** questions. **Each** question carries **14** marks.

**(3×14=42)**

7. Mr. Mohan Das keeps his books by single entry system. From the following data, prepare Trading and P/L A/c for the year ending 31-3-2014 together with B/S as on that date :

Cash Book Analysis shows the follows :

	₹
Interest charges	200
Personal withdrawals	4,000
Salaries	17,000
Business expenses	15,800



Payment to creditors	30,000
Balance at Bank on 31-3-2014	4,850
Cash on hand on 31-3-2014	150
Receipts from debtors	50,000
Cash sales	30,000

Further details available are

	1-04-2013	31-03-2014
	₹	₹
Stock	18,000	20,440
Creditors	16,000	11,000
Debtors	44,000	60,000
Furniture	2,000	2,000
Machinery	30,000	30,000

Provide 5% interest on Mohan Das's capital as on 1-04-2013. Provide ₹ 3,000 for doubtful debts and 5% depreciation on all fixed assets.

8. Muthappa purchased a plant costing ₹ 1,60,000 on 1-04-2010 from Muthamma Electronics Ltd. under Hire purchase system. The terms being ₹ 40,000 down payment and balance in three equal annual installments together with interest at 20% p.a. on outstanding cash price. Depreciation is to be charged at 15% p.a. under straight line method.

Prepare the necessary ledger accounts in the books of Muthappa under assets accrual method.

9. Siri, Giri and Yadav carrying on business in partnership sharing profits and losses in the ratio of 4 : 3 : 1 respectively. On 31-03-2014 they agreed to sell their business to a limited company. Their position on that date was as follows :

Liabilities	₹	Assets	₹
Sundry creditors	80,000	Freehold property	1,80,000
Loan	40,000	Machinery	1,20,000
Capital A/c :		Debtors	1,50,000
Siri	2,00,000	Stock	1,30,000
Giri	1,50,000	Cash	20,000
Yadav	1,30,000		
	<b>6,00,000</b>		<b>6,00,000</b>



The company took over the following assets except cash

	₹		₹
Freehold property	2,20,000	Machinery	1,10,000
Debtors	1,40,000	Stock	1,20,000
Goodwill	40,000		

The company also agreed to pay the creditors which were agreed at ₹ 77,000. The company paid ₹ 3,36,000 in fully paid shares of ₹ 10 each and the balance in cash. The expenses amounted to ₹ 5,000.

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

10. Hemanth leased an oil well from Venkat Oil Ltd. on 1-1-2010. The minimum rent was ₹ 2,00,000 and royalty was ₹ 20 per ton of crude oil raised.

The shortworkings were recoverable in the succeeding two years of such shortworkings.

The output during the first 4 years were 5500, 8000, 11250, 12500 tons.

Prepare Minimum Rent A/c, Royalty A/c, Shortworking A/c and Venkat Oil Ltd's Account in the books of Hemanth.

11. a) From the following information, you are required to calculate total sales.

	₹
B/R in the beginning	7,800
Debtors in the beginning	30,800
B/R encashed during the year	20,900
Cash received from customers	70,000
Bad debts written off	2,800
Return inwards	8,700
B/R dishonoured	1,800
B/R at the end of the year	6,000
Debtors at the end of the year	25,500
Cash sales as per cash book	40,900

- b) Calculate the cash price of an asset from the following details

	₹
Down payment	1,500
I Instalment payable at the end of 1 year	10,800
II Instalment payable at the end of 2 <sup>nd</sup> year	10,350
III Instalment payable at the end of 3 <sup>rd</sup> year	9,900
IV Instalment payable at the end of 4 <sup>th</sup> year	9,450
Rate of interest = 5% p.a.	