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I Semester B.Com.(Hon's) Degree Examination, August - 2021

COMMERCE

Financial Accounting

(CBCS - New Scheme Freshers 2019-20 Onwards)

Paper : 1.3

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates :

Answers to be written only in English

SECTION - A

Answer any **Five** sub questions. Each question carries **2** marks.

(5×2=10)

1. a) Mention any 2 advantages of piece meal distribution of cash.
- b) What is meant by purchase consideration?
- c) State any 2 demerits of single entry system.
- d) Mention any 2 features of instalment purchase system.
- e) What is Royalty?
- f) State any 2 differences between hire purchase system & instalment purchase system.
- g) What do you mean by irrecoverable short working.

SECTION - B

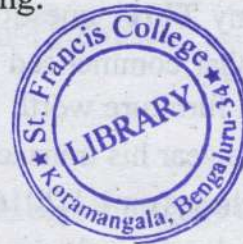
Answer any **Three** questions. Each question carries **5** marks.

(3×5=15)

2. Calculate the cash price of an Asset from the following:

1. Rs. 3,000 paid at the time of agreement.
2. Rs. 21,600 paid at the time of I year.
3. Rs. 20,700 paid at the time of II year.
4. Rs. 19,800 paid at the time of III year
5. Rs. 18,900 paid at the time of IV year.

Rate of Interest is 5% P.A.



[P.T.O.]



3. From the following information find out net purchases:

1. Opening stock Rs. 25,000
2. Sales Rs. 1,50,000
3. Closing stock Rs. 30,000
4. Rate of gross profit $33\frac{1}{3}\%$ on cost.

4. Prepare an analytical table of Royalty from the following details:

On 1.1.2012, the west Bengal coal company limited took a lease of a mine on a royalty of Rupee one per ton of coal raised, the dead rent being Rs. 25,000 P.A, with right to recoup short working during the Subsequent 2 years of the lease. The out put for the first 5 years was as follows:

| | |
|------|-------------|
| 2012 | 15,000 tons |
| 2013 | 22,500 tons |
| 2014 | 27,500 tons |
| 2015 | 30,000 tons |
| 2016 | 37,500 tons |

5. Calculate the amount of purchase consideration from the following details:

The company took up the following assets & Liabilities at the valuation shown below:

| | |
|-----------------------|------------|
| 1. Free hold property | Rs. 11,000 |
| 2. Machinery | Rs. 5,500 |
| 3. Book debts | Rs. 7,000 |
| 4. Stock | Rs. 6,000 |
| 5. Good Will | Rs. 2,000 |
| 6. Creditors | Rs. 1,500 |
| 7. Bills payable | Rs. 1,500 |



SECTION - C

Answer any **Three** questions. Each question carries **15** marks. (3×15=45)

6. Mr. Manohar commenced business on 1.1.2016 with Rs. 50,000. On the same day, he purchased furniture worth Rs. 10,000.

During the year his transactions were:

| | |
|--|------------|
| Cash purchases on 1.1.2016 | Rs. 20,000 |
| Credit purchases | Rs. 40,000 |
| Sales (including cash sales of Rs. 25,000) | Rs. 75,000 |
| Salaries paid to staff | Rs. 2,500 |
| Bad debts written off | Rs. 1000 |
| Business expenses | Rs. 2,400 |
| Rent paid | Rs. 1,200 |



Mr. Manohar used goods worth Rs. 2000 for his private use & paid Rs. 100 P.M regularly to his son. From business cash, but omitted to record these transactions in his books. On 31.12.2016 Sundry debtors were Rs. 26,500, sundry creditors Rs. 10,500, stock Rs. 10,000. Mr. Manohar had not kept his books of accounts properly. From the above details prepare his trading & profit/loss account for the year ended 31.12.2016 & a Balance sheet as on that date.

7. On 1.1.2013 a Colliery Company had acquired on lease a mine agreeing to pay a minimum rent of Rs. 4,000 in the 1st year, 8,000 in the 2nd year & there after Rs. 12,000 P.A. merging into a royalty of Rs. 25 paise per ton with a right to recoup short workings over the 1st 3 years only.

The results of the working of the mine are as follows:

| | |
|----------------------|--------------|
| 1 st year | 12,000 tons. |
| 2 nd year | 20,000 tons. |
| 3 rd year | 48,400 tons. |
| 4 th year | 60,000 tons. |



Prepare the necessary ledger accounts in the books of the lessee.

8. Amir & Sudhir were partners sharing profits in the ratio of 2/3 & 1/3 respectively. Their balance sheet on 31.12.2016 on which date they converted their business into a company was as follows:

| | Rs. Ps | | Rs. Ps |
|----------------------|---------------|--------------------|---------------|
| Creditors | 30,000 | Cash | 7,000 |
| Mortgage on freehold | | Debitors | 26,000 |
| Premises | 10,000 | Stock | 16,000 |
| Capitals: | | Machinery | 5,000 |
| Amir | 20,000 | Free hold premises | 16,000 |
| Sudhir | 10,000 | | |
| | <u>70,000</u> | | <u>70,000</u> |

The company took over all the Assets & liabilities except mortgage on freehold premises for a purchase price of Rs. 60,000, payable as to Rs. 12,000 in debentures and the balance in equity shares of Rs. 10 each. Close the books of the firm after the above transactions have been carried out. Mortgage has been paid. The partners agree to share debentures & shares in proportions to their capitals. Prepare the ledger accounts in the books of the firm.



9. Ramesh, Satish & Prakash were in partnership sharing profits in the ratio of 5:3:2. The following was their Balance sheet as on 31.12.2012, when the firm was dissolved.

| | Rs. Ps | | Rs. Ps |
|---------------|-----------------|----------|-----------------|
| Creditors | 40,000 | Premises | 40,000 |
| Ramesh's loan | 10,000 | Plant | 30,000 |
| Reserve fund | 10,000 | Stock | 30,000 |
| Capitals: | | Debitors | 60,000 |
| Ramesh | 45,000 | | |
| Satish | 12,000 | | |
| Prakash | 43,000 | | |
| | <u>1,60,000</u> | | <u>1,60,000</u> |

It was agreed to repay the amount due to partners as & when the assets realized. The assets realized as follows:

1.2.2013 Rs. 30,000

1.4.2013 Rs. 73,000

1.6.2013 Rs. 47,000

Prepare statement showing cash distribution.

