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I Semester B.Com. Regular/A and F/LSCM/BDA/ T and TM/ I and AS  
Degree Examination, January/February- 2025

**COMMERCE**

**Financial Accounting**

(CBCS, NEP, Semester Scheme Repeaters)

Paper : 1.1

Time : 2½ Hours

Maximum Marks : 60

**Instructions to Candidates:**

Answers should be written completely in English only.



**SECTION - A**

Answer any Five sub-questions. Each sub-question carries Two marks. (5×2=10)

1. a) What is overriding commission?
- b) What is Royalty?
- c) Mention any four Accounting Standards.
- d) Give the meaning of sole proprietor.
- e) What are outstanding expenses?
- f) What is cash basis of accounting?
- g) What are the types of cloud computing?

(OR)

State any two features of dependent branches.

**SECTION - B**

Answer any Four questions. Each question carries Five marks. (4×5=20)

2. Briefly explain the functions of accounting.

[P.T.O.]



3. What are the advantages of Cloud Accounting?

(OR)

Prepare accounting equation on the basis of the following:

- i. Jayanth started the business with a cash of Rs. 4,00,000
  - ii. Purchased goods from Narayan for cash Rs. 2,00,000
  - iii. Sold goods to Priya (costing Rs. 50,000) for Rs. 75,000 on credit
  - iv. Bought furniture on credit from Vasanth Rs. 15,000
  - v. Withdrew cash for personal use Rs. 10,000
  - vi. Amount paid to Vasanth in full settlement Rs. 14,000
4. Mr. Mahesh wrote a book and got it published with M/s. Popular Publishers on the terms that Royalty at Rs. 50 per copy sold subject to a minimum payment of Rs. 1,50,000 with a right of recoupment of short workings over the first three years of the royalty agreement. The details for the first five years were as follows:

Year	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year
No. of copies printed	2,000	3,000	4,000	5,000	5,500
Closing stock	100	200	400	500	1,000

Prepare an analysis table of Royalty from the following details:

5. The following information related to Mr. Suman for the year ended 31<sup>st</sup> March 2024. You are required to prepare a manufacturing account and find out the cost of production.
- i. Stock of Raw materials as on 01-04-2023 Rs. 90,000
  - ii. Purchase of Raw materials during the year Rs. 5,50,000
  - iii. Purchase returns Rs. 20,000
  - iv. Closing stock of Raw materials as on 31-03-2024 Rs. 1,20,000
  - v. Carriage Inwards Rs. 50,000
  - vi. Direct Wages Rs. 2,50,000
  - vii. Manufacturing Expenses Rs. 1,50,000
6. On 01-12-2024 Mr. Rajan of Bengaluru sent 500 boxes of medicines to Mr. Ramesh of Mumbai on consignment basis. The cost of each box was Rs. 1,000. Mr. Rajan incurred Rs. 1,000 on railway freight and Rs. 500 on insurance. 50 boxes were destroyed while in transit and their claim was settled with the Insurance Company at Rs. 25,000 and the amount was paid by insurance company to the consignor.  
Calculate the amount of abnormal loss incurred by Mr. Rajan.



## SECTION - C

Answer any Two questions. Each question carries Twelve marks. (2×12=24)

7. Mr. Clean patented an automatic washing machine and he granted Washwell Company a license to manufacture and sell washing machines for 10 years on the following terms:
- Washwell Company to pay a royalty of Rs. 500 for every washing machine sold, with a minimum rent of Rs. 2,50,000 per year.
  - M/s. Washwell Company could recoup the short workings arising in the year against surplus royalties payable in the next two years

The production and closing stock for the first four years were as follows:

Year	I	II	III	IV
Production (Units)	350	550	650	700
Closing stock (Units)	50	125	150	200

Prepare Royalty account, Mr. Clean account and short workings account in the books of Washwell Company.

8. From the following Trial Balance of Mr. Prabhu, Prepare Trading and Profit and Loss Account and Balance Sheet as on 31<sup>st</sup> March 2024.

Particulars	Debit Rs.	Credit Rs.
Opening Stock	1,00,000	
Purchases	7,75,000	
Return Outwards		25,000
Carriage Inwards	25,000	
Fuel and Power	10,000	
Wages	1,00,000	
Sundry Expenses	10,000	
Rent	1,20,000	
Bad Debts	10,000	

[P.T.O.]



Sales		15,50,000
Return Inwards	50,000	
Printing and Stationery	25,000	
Postage	5,000	
Discounts	10,000	20,000
Land and Building	10,00,000	
Plant and Machinery	5,00,000	
Insurance	25,000	
Debtors and Creditors	8,00,000	5,00,000
Salaries	2,50,000	
Carriage Outwards	1,00,000	
Investments	1,00,000	
Furniture	50,000	
Cash on hand	10,000	
Cash at Bank	1,90,000	
Bills Receivable and Bills Payable	1,00,000	50,000
Commission received		10,000
Prabhu's Capital		23,00,000
Prabhu's Drawings	90,000	
<b>Total</b>	<b>44,55,000</b>	<b>44,55,000</b>

**Adjustments:**

- a. Closing stock was valued at Rs. 3,00,000.
- b. Outstanding wages were Rs. 5,000 and outstanding salaries were Rs. 15,000.
- c. Prepaid rent Rs. 10,000; Prepaid insurance Rs. 1,000.
- d. Interest on investments outstanding Rs. 10,000.
- e. Depreciate Machinery by 10% and Furniture by 5%.



9. On 1 April 2023, VP Limited of Pune, consigned 10,000 kgs of Ghee @ Rs. 100 per kg to Ramesh and Company of Chennai. VP Limited paid Rs. 50,000 towards freight and insurance. On 10 April 2023, 500 kgs of Ghee was destroyed in transit. Its claim was settled with the Insurance Company at Rs. 30,000 and the amount was paid by insurance company to the consignor.

On 20 April 2023, Ramesh and company received the consignment and sent 3 months acceptance of Rs. 5,00,000 to the consignor. On 31 May 2023, Ramesh and Co. sent the following information:

- i. 7,500 kgs of ghee was sold @ Rs. 200 per kg.
- ii. Other expenses were: Godown Rent Rs. 40,000; Wages Rs. 40,000; Printing and Stationery including advertisement Rs. 20,000.
- iii. 250 kgs of ghee were lost due to leakage, which was considered normal.
- iv. Ramesh and Co is entitled to a commission of 5%. On 31st May 2023, Ramesh and Co. paid due cash to consignor.

Prepare Consignment Account, Ramesh and Co's Account and Loss in Transit Account in the books of VP Limited.

(OR)

A shoe company of Kanpur has its branch in Mumbai. Goods are invoiced to the branch at cost plus 25%. Branch has been instructed to deposit daily all cash received by it in the HO, except petty expense which are met by the branch manager from the petty cash amount sent by the HO from time to time .

From the following particulars, prepare Mumbai branch accounts in the books of HO at Kanpur.

[P.T.O.]



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		Rs.
Stock on 01-04-2022 at invoice price		30,000
Sundry Debtors on 01-04-2022		18,000
Cash in hand on 01-04-2022		800
Furniture on 01-04-2022		2,400
Goods sent to Branch (invoice price)		1,60,000
Goods returned by the Branch (invoice price)		2,000
Cash received from Debtors		60,000
Cash Sales		75,000
Credit Sales		1,00,000
Discount allowed to Debtors		600
Goods returned by Debtors		960
<b>Expenses paid by HO</b>		
- For Rent	2,400	
- For Salary	4,800	
- For Printing and Stationery	600	7,800
Petty Expenses paid by the Branch Manager		560
Depreciation is to be provided on branch furniture at 10% p.a		
Stock as on 31-03-2023		20,000

(7)

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## SECTION - D

Answer any One question from the following which carries Six marks. (1×6=6)

10. Prepare accounting equation for the following with imaginary figures.

- a. Capital introduced
  - b. Drawings.
  - c. Purchase of goods.
  - d. Purchase of furniture.
  - e. Sale of goods.
  - f. Discount received.
  - g. Draft an account sales to the consignor with imaginary figures.
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