I Semester B.Com. Degree Examination, November/December 2013
(Semester Scheme)
COMMERCE
Financial Accounting – I (2011-12 only)

Time : 3 Hours
Max. Marks : 100

**Instruction:** Answers should be either in Kannada or in English.

**SECTION – A**

Answer any 8 sub-questions from the following. Each sub-question carries 2 marks.

1. a) What do you mean by sale of a firm to a limited company?
   b) Why is minimum rent clause included in the Royalty agreement?
   c) State 2 features of Instalment system?
   d) What do you mean by Down payment?
   e) What do you mean by Incorporation entries?
   f) How do you treat Goodwill in case of the Amalgamated firm?
   g) Can the seller seized the goods under instalment system? Give reason?
   h) What do you mean by Amalgamation?
   i) Explain lessee and lessor?
   j) Calculate Hire charges from the following:

   **Hire purchase price – 1,00,000**

   **Cash price – 72,000**
SECTION – B

Answer any 3 questions from the following. Each question carries 8 marks.

2. Prepare Royalties Analytical table and short working a/c from the following details:
   a) Minimum Rent ₹ 40,000 P.A.
   b) Royalty payable ₹ 5 per ton.
   c) Short working can be recovered during first four years only.
   d) The production for the first 4 years were as follows:
      2003 – 4000 tons
      2004 – 6000 tons
      2005 – 8000 tons
      2006 – 9000 tons.

3. Calculate cash price of an Asset from the following details
   Down payment – ₹ 1,500
   First Instalment – ₹ 10,800
   Second Instalment – ₹ 10,350
   Third Instalment – ₹ 9,900
   Fourth Instalment – ₹ 9,450
   Rate of Interest 5% p.a.

4. A company takes over the following Assets and liabilities from a partnership firm
   Land and Building – ₹ 44,000
   Plant and Machinery – ₹ 22,000
   Debtors – ₹ 28,000
   Stock – ₹ 24,000
   The value of Goodwill is fixed @ ₹ 8,000
   Current liabilities – ₹ 15,400
   Calculate purchase consideration which is payable in 3300 shares of ₹ 10 each fully paid and balance in cash.
5. Vinay purchased a motor car from Bangalore Motors on 1-1-2007 on Instalment system. The payment is made as follows. The cash price ₹1,00,000, ₹20,000 on delivery, ₹38,000 at the end of first year, ₹30,000 at the end of second year and ₹27,500 at the end of third year. Interest at 10 p.a. is included in these installments.

Mr. Vinay charged depreciation on the motor car at 20% p.a. on diminishing balance method.

You are required to prepare Interest Suspense Account.

6. Following is the balance sheet of M/s R and S who share Profits and Losses equally.

<table>
<thead>
<tr>
<th>B/s of M/s R and S as on 31-12-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
</tr>
<tr>
<td>Creditors</td>
</tr>
<tr>
<td>Capital A/c's</td>
</tr>
<tr>
<td>R</td>
</tr>
<tr>
<td>S</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

R and S decided to amalgamate with N and P on the following terms.

Plant and Machinery to be taken over at ₹12,000 Stock at ₹15,000, Debtors- ₹11,000, furniture and Creditors at book values and Land and Building at ₹22,000.

Pass the Journal entries in the books of R and S.
Answer any 4 questions. Each question carries 15 marks.

7. Ravi and Guru are partners sharing profits in the ratio 2:1 and their Balance Sheet on 31-3-2004 was as follows:

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Amount</th>
<th>Assets</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>20,000</td>
<td>Cash</td>
<td>150</td>
</tr>
<tr>
<td>Bills payable</td>
<td>5,000</td>
<td>Bills receivable</td>
<td>2,500</td>
</tr>
<tr>
<td>Ravi's loan</td>
<td>10,000</td>
<td>Debtors</td>
<td>30,000</td>
</tr>
<tr>
<td>Guru's capital</td>
<td>10,000</td>
<td>RDD</td>
<td>1,500</td>
</tr>
<tr>
<td>Ravi's capital</td>
<td>15,000</td>
<td>Stock</td>
<td>21,850</td>
</tr>
<tr>
<td>Reserve fund</td>
<td>3,000</td>
<td>Machinery</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td><strong>63,000</strong></td>
<td></td>
<td><strong>63,000</strong></td>
</tr>
</tbody>
</table>

They agreed to sell the business to a limited Co. & the Co. to take over Assets including cash and liabilities as follows:

- Machinery ₹ 8,000, Stock at ₹ 17,500 Debtors at ₹ 25,350,
- Bills Receivable at ₹ 2,500, Goodwill at ₹ 3,000.
- The company agreed to take over Creditor at ₹ 19,500. The expenses of Realization amounted to ₹ 150.

Prepare necessary ledgers accounts in the books of the firm.
8. Z company Ltd. took a lease from as landlord for a period of 25 years from 1-1-2001 on a royalty of ₹ 4 per ton at cool raised with a minimum rent of ₹ 40,000 and power to recoup Short working during the first 4 years of the lease.

The Annual output was as follows:

2001 – 5,000 tons
2002 – 8,000 tons
2003 – 10,000 tons
2004 – 15,000 tons
2005 – 20,000 tons

Prepare the necessary Ledgers Accounts in the books of Z Company Ltd.

9. On 1-1-2005 Ramesh purchased a Machine from Rajesh Enterprises on Hire purchase system. The particulars as follows:

a) Cash price = ₹ 2,00,000

b) ₹ 80,000 to be paid on signing the contract

c) Balance in 3 instalment of ₹ 40,000 plus interest.

Interest charged on outstanding balance at 5% Depreciation at 10% p.a. on written down value method.

Prepare necessary Ledger Accounts in the books of Mr. Ramesh.
10. Digital company purchased a Truck on 1-1-2007 under Instalment system for a cash price of ₹46,500, ₹1,500 is to be paid on signing the agreement, the balance is payable in 3 instalment of ₹15,000 each together with 5% interest. Depreciation is to be charged at 10% p.a. on the reducing balance method. Prepare necessary Journal entries in the books of Digital company.

11. Following are the Balance Sheets of M/s R and S and M/s X and Y as on 31-3-2012

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>R&amp;S</th>
<th>X&amp;Y</th>
<th>Assets</th>
<th>R&amp;S</th>
<th>X&amp;Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>24,000</td>
<td>34,500</td>
<td>Building</td>
<td>–</td>
<td>75,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>15,000</td>
<td>–</td>
<td>Machinery</td>
<td>30,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Capitals:</td>
<td></td>
<td></td>
<td>Patents</td>
<td>15,000</td>
<td>7,500</td>
</tr>
<tr>
<td>R</td>
<td>60,000</td>
<td></td>
<td>Stock</td>
<td>37,500</td>
<td>30,000</td>
</tr>
<tr>
<td>S</td>
<td>15,000</td>
<td></td>
<td>Debtors</td>
<td>15,000</td>
<td>24,000</td>
</tr>
<tr>
<td>X</td>
<td></td>
<td>75,000</td>
<td>Investment</td>
<td>7,500</td>
<td>–</td>
</tr>
<tr>
<td>Y</td>
<td></td>
<td>75,000</td>
<td>Cash</td>
<td>9,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

\[1,14,000 \quad 1,84,500\]
\[1,14,000 \quad 1,84,500\]

R and S shared Profit and Loss in the ratio 3:2 and X and Y shared equally.

The firm decided to Amalgamated on the following terms:

a) Investments of R and S were not to be taken over by the new firm R and S to take them in their profit sharing ratio.
b) Goodwill of R and S was ₹ 30,000 and that of X and Y of ₹ 60,000.

c) Patents R and S were ₹ 22,500 and Stock ₹ 45,000 a provision of 8% was to be created on debtors.

d) Machinery of X and Y to be written down to ₹ 37,500 Stock of X and Y was found over valued by ₹ 3,000 and the Book debts of ₹ 1,500 was bad and had to be written off. Patents of X and Y were valued at ₹ 12,000. Your are required to prepare ledgers A/c in the books of R and S and X and Y (old firm).

Prepare Amalgamated balance sheet of new firm.

1. a) ಸರ್ಕಾರುಗಳ ಮಾರ್ಗಡಾದ ಸಂಕೋಚ ಅರ್ಜಿಗಳು ಎತ್ತರದಲ್ಲಿ ಇರವು?  

b) ಸರಣಿಗಳ ಮಾರ್ಗಡಾದಂತೆ, ಸರ್ಕಾರ ಕೆಲಸ ಕೆಂಪು ವಿವರಣೆ ಎತ್ತರದಲ್ಲಿ?  

c) ಸರ್ಕಾರ ಸರಣಿಗಳ ಮಾರ್ಗಡಾದಂತೆ ಕೆಲಸ ಕೆಂಪು ವಿವರಣೆ ಎತ್ತರದಲ್ಲಿ?  

d) ಸರಣಿಗಳ ಮಾರ್ಗಡಾದಂತೆ ಇರವು?  

e) ಸರಣಿಗಳ ಮಾರ್ಗಡಾದಂತೆ ಇರವು?  

f) ಸರಣಿಗಳ ಮಾರ್ಗಡಾದಂತೆ ಕೆಲಸ ಕೆಂಪು ವಿವರಣೆ ಎತ್ತರದಲ್ಲಿ?