I Semester B.Com. Examination, November/December 2015  
(F+R) (CBCS) (2014 – 15 and Onwards)  
COMMERCET  
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 **two** marks.  
   \( \text{(5x2 = 10)} \)
   
a) Mention any two methods of calculating purchase consideration.

b) What is Royalty ?

c) List out any two benefits of conversion of single entry system into double entry system.

d) What do you mean by Accounting Standards ?

e) Give the meaning of down payment.

f) What is recoupment of Shortworking ?

g) Who is a hirer ?

**SECTION – B**

Answer **any three** questions. Each question carries **six** marks.  
\( \text{(3x6 = 18)} \)

2. What are the functions of Financing Accounting ?

3. Calculate the interest included in each installments  
   \[ \text{Cash Price} = \text{Rs. 60,000} \]
   \[ \text{Down payment} = \text{Rs. 18,000} \]
   Three annual installments of Rs. 24,000, Rs. 18,000 and Rs. 12,000 respectively payable at the end of each year.

4. Prepare an Analytical Table of Royalty from the following details :  
   Minimum Rent Rs. 25,000 p.a.  
   Royalty Rs. 2 per ton of ore raised  
   Shortworkings are recoverable during the first three years of the lease only.
   The output for the first four years is as follows :  
   I year 3,000 tons, II year 10,000 tons, III year 30,000 tons and IV year 35,000 tons.

P.T.O.
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SECTION – A

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c) List out any two benefits of conversion of single entry system into double entry system.
d) What do you mean by Accounting Standards ?
e) Give the meaning of down payment.
f) What is recoupment of Shortworking ?
g) Who is a hirer ?

SECTION – B

Answer any three questions. Each question carries six marks. \((3 \times 6 = 18)\)

2. What are the functions of Financing Accounting ?

3. Calculate the interest included in each installments
   Cash Price = Rs. 60,000
   Down payment = Rs. 18,000
   Three annual installments of Rs. 24,000, Rs. 18,000 and Rs. 12,000 respectively payable at the end of each year.

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   I year 3,000 tons, II year 10,000 tons, III year 30,000 tons and IV year 35,000 tons.

P.T.O.
5. Calculate the amount of purchase consideration from the following details
   The purchasing company agreed to issue 10,000 Equity shares of Rs. 10 each at 25 per share, 1,000 9% preference shares of Rs. 100 at par, 1,000 10% Debentures of Rs. 100 each at a discount of 10% and to pay cash equal to 20% of total purchase consideration.

6. Ascertain the value of stock at the beginning:
   Purchases Rs. 1,20,000
   Direct wages Rs. 80,000
   Sales Rs. 5,00,000
   Stock at the end Rs. 45,000
   Rate of gross profit is 25% on cost.

SECTION - C

Answer any three questions. Each question carries fourteen marks. \( (3 \times 14 = 42) \)

7. A mining company leased a property from ‘X’ at a royalty of Rs. 10 per ton with a minimum rent of Rs. 24,000 p.a. Each year’s excess of minimum rent over royalty is recoverable out of royalties of next three years. The results of the workings are as follows:
   I year 2000 tons
   II year 3000 tons
   III year 4000 tons
   IV year 5600 tons
   V year 6000 tons
   Prepare necessary Ledger A/cs. in the books of the company for five years.

8. On 1\textsuperscript{st} January 2014 Miss Jayanthy purchased a washing machine from Royal enterprises on hire purchase basis. The cash price of the machine was Rs. 60,000, payable Rs. 12,000 on signing the agreement and the balance in four annual installments of Rs. 12,000 plus interest at 15% p.a. payable on 31\textsuperscript{st} December each year. Jayanthy writes off depreciation at 10% p.a. on diminishing balance method. Show the necessary Ledger A/cs. in the books of Jayanthy.
9. A, B and C were in partnership sharing profits and losses in the ratio of 4 : 3 : 1 respectively. On 31st March 2014 they agreed to sell their business to a limited company. Their position on that date was as follows:

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs.</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>16,000</td>
<td>Land and Building</td>
<td>36,000</td>
</tr>
<tr>
<td>Loan from Bank</td>
<td>8,000</td>
<td>Furniture</td>
<td>24,000</td>
</tr>
<tr>
<td>Capital A/c</td>
<td></td>
<td>Debtors</td>
<td>30,000</td>
</tr>
<tr>
<td>A</td>
<td>40,000</td>
<td>Stock</td>
<td>26,000</td>
</tr>
<tr>
<td>B</td>
<td>30,000</td>
<td>Cash</td>
<td>4,000</td>
</tr>
<tr>
<td>C</td>
<td>26,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The company took the following assets at the valuation shown below:
- Land and Building: Rs. 44,000
- Furniture: Rs. 22,000
- Debtors: Rs. 28,000
- Stock: Rs. 24,000
- Goodwill: Rs. 8,000

The company also agreed to pay creditor which was agreed at Rs. 15,400.

The company paid 3,300 shares of Rs. 10 each and the balance in cash. The expenses amounted Rs. 1,000. Prepare the necessary ledger accounts in the books of the firm.

10. Sri Ram a trader maintains his books under single entry system. He submits the following information:

a) **Assets and liabilities**

<table>
<thead>
<tr>
<th></th>
<th>1-4-14</th>
<th>31-3-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>20,000</td>
<td>?</td>
</tr>
<tr>
<td>Debtors</td>
<td>72,500</td>
<td>80,000</td>
</tr>
<tr>
<td>Creditors</td>
<td>62,500</td>
<td>72,500</td>
</tr>
<tr>
<td>Furniture</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>40,000</td>
<td>38,000</td>
</tr>
<tr>
<td>Stock</td>
<td>30,000</td>
<td>42,000</td>
</tr>
</tbody>
</table>
b) **Cash transactions during the year 2014 – 15**

- Cash from debtors: Rs. 6,20,000
- Cash paid to creditors: Rs. 4,80,000
- Wages: Rs. 24,000
- Salaries: Rs. 16,000
- Rent: Rs. 18,000
- Drawing: Rs. 16,500
- Cash purchase: Rs. 24,000
- Cash sales: Rs. 36,000
- Carriage outwards: Rs. 10,000

**c) Other details**

- Bad debts: Rs. 3,200
- Purchase returns: Rs. 6,200

Stock worth Rs. 6,000 was utilised by Sri Ram for personal use.

Prepare the final accounts for the year ending 31-3-2015.

11. a) A mining company took a lease from a landlord for a period of 20 years from 1st July 2010. On a royalty of Rs. 10 per ton of Iron ore raised with a minimum rent of Rs. 20,000 and power to recoup shortworking during the first four years of the lease. The annual output was as under:

I year 1000 tons
II year 1500 tons
III year 2000 tons
IV year 2250 tons
V year 2500 tons

Prepare Shortworking account in the books of company.

b) Ascertain credit sales from the following:

- Opening debtors: Rs. 75,500
- Cash received from debtors: Rs. 6,18,500
- B/R received: Rs. 24,000
- Sales returns: Rs. 8,600
- Bad debts: Rs. 6,800
- B/R dishonoured: Rs. 3,800
- Discount allowed: Rs. 2,000
- B/R discounted with bank: Rs. 4,500