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(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2023 ONLY) SUBJECT CODE **23UCE101** REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS): POLLACHI

END-OF-SEMESTER EXAMINATIONS: NOVEMBER 2023

B.COM FINANCE

MAXIMUM MARKS: 75

SEMESTER:I

TIME : 3 HOURS

PART-III

FINANCIAL ACCOUNTING I

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS(K1)

1. Closing entries are recorded in
 - a) Ledger
 - b) Cash book
 - c) Balance sheet
 - d) Journal proper
2. Depreciation is charged on _____ Assets.
 - a) Fixed
 - b) Current
 - c) wasting
 - d) operating and non-operating
3. Single entry system is
 - a) a scientific method
 - b) an incomplete double entry system.
 - c) similar to double entry system
 - d) none of the above
4. In the books of hirer, the interest and depreciation account will be transferred to
 - a) Trading account
 - b) P & L account
 - c) P & L appropriation account
 - d) Balance sheet
5. Royalty account is the nature of
 - a) Real account
 - b) nominal account
 - c) personal account
 - d) Revenue account

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES(K2)

6. What do you mean by Journal?
7. What is Accrued Income?
8. Define Bank Reconciliation Statement?
9. What do you understand by Hire-Purchase System?
10. What is Royalty?

SECTION – B

(5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS(K3)

11(a) Journalise the following transactions:

| | | |
|-------------|---------------------------|------------|
| 2016 Jan. 3 | Received cash from Ram | Rs. 15,000 |
| Jan. 4 | Purchased goods for cash | Rs. 2,500 |
| Jan. 11 | Sold goods to Hari | Rs. 3,200 |
| Jan. 13 | Paid Ramesh | Rs. 1,400 |
| Jan. 20 | Bought furniture from Ram | Rs. 2,200 |
| Jan. 27 | Paid rent | Rs. 480 |
| Jan. 27 | Paid salary | Rs. 1,100 |

(OR)

(b) Enter the following transactions of a trader in a Double Column Cash Book.

| Date & Month | Particulars | Amount (Rs) |
|----------------|--|-------------|
| 2019 January 1 | Nizam started business with | 1,00,000 |
| January 5 | Deposited into bank | 95,000 |
| January 7 | Purchased a Building and paid by Cheque | 70,000 |
| January 10 | Purchased Merchandise and paid by Cheque | 20,000 |
| January 25 | Paid Freight | 50 |
| January 29 | Withdrew from bank for personal use | 500 |
| January 30 | Electricity bill | 90 |

12(a) From the following information, prepare profit and loss account for the year ending 31.03.2019

| Particulars | Rs. | Particulars | Rs. |
|------------------|----------|---------------------|-------|
| Gross Profit b/d | 1,00,000 | Advertisement | 5,000 |
| Salaries | 20,000 | Bad debts | 500 |
| Rent paid | 12,000 | Commission received | 5,000 |
| Postage | 5,000 | Carriage outwards | 3,000 |

(OR)

(b) Original cost of the leasehold property = Rs. 50,000

Interest rate = 5% p.a

Number of years = 5, calculate the amount of depreciation.

13(a) Prepare a Bank Reconciliation Statement from the following data as on 31.12.2021

| S.No | Particulars | Amount (Rs) |
|------|--|-------------|
| (a) | Balance as per cash book | 12,500 |
| (b) | Cheques issued but not presented for payment | 900 |
| (c) | Cheques deposited in bank but not collected | 1,200 |
| (d) | Bank paid insurance premium | 500 |
| (e) | Direct deposit by a customer | 800 |
| (f) | Interest on investment collected by bank | 200 |
| (g) | Bank charges | 100 |

(OR)

(b) Mohan maintain books on single entry system. He gives you the following information.

| Particulars | Rs. |
|---|--------|
| Capital on 1 st April 2018 | 30,400 |
| Capital on 1 st April 2019 | 33,800 |
| Drawings made during the period | 9,600 |
| Capital introduced on 1 st August 2018 | 4,000 |

14(a) On 1st January, 2009 Sharda purchased a machine from Kusum on hire-purchase basis. Prepare ledger a/c of Kusum. The particulars are as follows:

1. Cash price Rs. 10,000
2. Rs. 4,000 to be paid on signing the contract
3. Balance in three instalments of Rs. 2,000 plus interest.
4. Interest charged on outstanding balance at 5%
5. Depreciation at 10% p.a on written down value method.

(OR)

(b) On 1st Jan. 2007 Messrs XYZ & Co took delivery from ABC Co. Ltd. of a machine on hire-purchase system, Rs. 1,500 being paid on delivery and the balance in five instalments of Rs. 3,000 each, payable annually on 31st December. The cash price of the machine was Rs. 15,000. Calculate the amount of interest for each year.

15(a) Distinguish between Rent and Royalty?

(OR)

(b) Bihar Coal Limited leased a colliery from Himalaya Coal Ltd. on 1st Jan. 2008 at a minimum rent of Rs.15,000 merging into a royalty of Rs. 1 per ton with a stipulation to recoup short workings over the first three years of the lease. The output for the first four years of the lease was 8,000, 13,000, 21,000 and 18,000 tons respectively. Draft the necessary journal entries in the books of both the companies giving effect to the above.

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWIN QUESTIONS(K4/K5)

16(a) Explain in detail about the different accounting concepts.

(OR)

(b) Journalize the following transactions, post them into Ledger and bring out the balances.

| April 2020 | Particulars | Amount(Rs) |
|------------|----------------------------|------------|
| 1 | Started business with cash | 1,00,000 |
| 3 | Paid into bank | 50,000 |
| 12 | Purchases made from Kapil | 10,000 |
| 15 | Cash sales made for | 15,000 |
| 16 | Salaries paid | 3,000 |
| 17 | Cheque received from Ajay | 4,000 |
| 22 | Building bought by cheque | 50,000 |
| 24 | Paid rent | 1,000 |
| 28 | Dividend received | 500 |
| 31 | Stationery expenses made | 100 |

17(a) Following are the balances of Shri Gupta as on 30th June, 2016.

| Debit Balances | Rs. | | Rs. |
|------------------------------------|--------|-------------------------|--------|
| Cash in hand | 540 | Patents | 7,500 |
| Cash at bank | 2,630 | Salaries | 15,000 |
| Purchases | 40,675 | General expenses | 3,000 |
| Returns inward | 680 | Insurance | 600 |
| Wages | 8,480 | Drawings | 5,245 |
| Fuel and power | 4,730 | Sundry debtors | 14,500 |
| Carriage on sales | 3,200 | Credit balances: | |
| Carriage on purchases | 2,040 | Sales | 98,780 |
| Stock (1 st July, 2015) | 5,760 | Returns outwards | 500 |
| Buildings | 22,000 | Capital | 62,000 |
| Freehold land | 10,000 | Sundry creditors | 6,300 |
| Machinery | 20,000 | rent | 9,000 |
| Investments | 10,000 | | |

Taking in to account the following adjustments prepare the trading and P & L Account and B/S as on 30th June,2016.

[a] Stock on hand on 30th June, 2016 is Rs. 6,800

[b] Machinery is to be depreciated at the rate of 10% and patents at the rate of 20%

[c] Salaries for the month of June, 2016 amounting to Rs. 1,500 were unpaid.

[d] Insurance includes a premium of Rs. 170 on a policy expiring on 31st December 2016

[e] Bad debts are Rs. 725

[f] Rent received in advance Rs.1,000

[g] Interest on investment of Rs. 2,000 is accrued.

(OR)

(b) X purchased a second-hand machinery on 1-2-2013 for Rs. 50,000 : paid Rs. 11,000 for its overhauling and Rs. 5,000 for its installation which was completed by 31.3.2013.

The company provides depreciation on its machinery at 15% per annum on diminishing balance method from the date it is put to use and closes its books on December 31 every year.

On 1.10.2014, a repair work was carried out on the machine and Rs. 5,000 were paid for the same. The machine was sold on 31.10.2015 for a sum of Rs. 11,000 and an amount of Rs. 1,000 was paid as dismantling charges. Prepare Machinery Account from 2013 to 2015.

18(a) On 31st Jan. 2016, the pass book of prabhu showed a debit balance of Rs. 41,000. Prepare a bank reconciliation statement with the following information:

- (i) Cheques amounting to Rs.15,600 were drawn on 27th Jan.2016 out of which cheques for Rs. 11,000 were cashed upto 31st Jan. 2016.
- (ii) A wrong debit of Rs. 800 has been given by the bank in pass book.
- (iii) A cheque for Rs. 200 was credited in pass book but was not recorded in cash book
- (iv) Cheques amounting to Rs. 21,000 were deposited for collection. But cheques for Rs. 7,400 have been credited in pass book at 5th Feb.2016.
- (v) A cheque for Rs. 1,000 returned dishonoured and were debited in pass book only
- (vi) Interest and bank charges amounted to Rs. 100 and were not accounted for in cash book.
- (vii) A cheque of Rs. 500 debited in the cash book omitted to be banked.
- (viii) A wrong credit has been given by the banker for Rs. 500 in the pass book.

(OR)

(b) Ram, who keeps his books by single entry, gives you the following information.

| Particulars | Assets and Liabilities | |
|------------------|------------------------|-------------|
| | Jan. 1, 2022 | Dec.31,2022 |
| Stock in hand | 18,700 | 23,400 |
| Debtors | 12,000 | 14,000 |
| Creditors | 9,000 | 1,500 |
| Bills receivable | 4,000 | 5,000 |
| Bills payable | 1,000 | 200 |
| Furniture | 600 | 600 |
| Building | 12,000 | 12,000 |
| Bank balance | 4,350 | 3,350 |

Additional information:

- (a) A provision of Rs. 1,450 is required for bad and doubtful debts.
- (b) Depreciate building and furniture by 5%
- (c) Outstanding liabilities wages Rs. 3,000 , Salaries Rs. 1,200.
- (d) Unexpired insurance Rs. 250
- (e) Legal expenses outstanding Rs. 700
- (f) Drawings of Mr. Ram during the year was Rs. 7,520

You are required to find out the profit.

19(a)Following are the particulars relating to hire purchase:

Purchaser-Ram & Co.

Data of purchase-Jan. 1, 2009

Cash Price-Rs 12,894

Payments-Rs 2,000 on signing of the agreement and the balance in the three equal annual instalments of Rs 4,000 due on 31st December each year.

Rate of Interest-5% per annum.

Depreciation-20% on the written down value each year.

Make Journal entries and prepare necessary ledger accounts in the books of both parties and show the Machinery in the Balance Sheet as on 31st December, 2010. Calculation are to be made to the nearest rupee.

(OR)

(b) X purchased a car from Y costing Rs 1,50,000 on hire purchase system. Payment was to be made Rs 30,000 down and remainder in 3 equal annual instalments together with interest at 5% p.a. X provides depreciation at 20% p.a. on diminishing balance basis. X paid the first instalment at the end of first year but could not pay the next. Y took possession of the car. He spends Rs 5,800 on the car and sold it for Rs 80,000.

Show necessary ledger accounts in the books of both the parties.

20(a)(Where production units are to be calculated for royalty amount) . On 1st July, 2007, A obtained from B a lease of some coal bearing land, team being a royalty of Rs 2 per ton raised subject to a minimum rent of Rs 9,000 per annum with a right to recoup the shortworkings over the first four years (upto 2010) of the lease. From the following details, prepare (i) Royalties Payable Account, (ii) Shortworkings Account, and (iii) B's Account in the books of A.

| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|-------|-------|-------|-------|-------|-------|
| Sales (tons) | 1,500 | 2,300 | 5,000 | 6,000 | 3,600 | 4,500 |
| Closing Stock (tons) | 500 | 400 | 700 | 800 | 600 | 500 |

In the event of strike, the minimum rent would be taken pro rata on the basic of actual period of working but in the event of lock out, the lessee would enjoy a concession in respect of minimum rent for 40% of the period of lock out.

(OR)

(b) Prof. Narang wrote a book on Advanced Accountancy and gave the right of its publication and sale to M/s Kalyani Publishers in the month of April 2008 at a royalty September of next year. Accounts of M/s Kalyani Publishers are closed on 31st March, each year. From the following particulars prepare necessary accounts in the books of M/s Kalyani Publishers:

| Year | Books Printed | Wastage | Specimen Copies | Closing Balance | Printer Price Rs |
|---------|---------------|---------|-----------------|-----------------|------------------|
| 2008-09 | 6,000 | 200 | 200 | 600 | 120 |
| 2009-10 | 10,000 | 400 | 400 | 400 | 140 |
| 2010-11 | 12,000 | 600 | 400 | 1,000 | 160 |
| 2011-12 | 14,000 | 200 | 600 | 200 | 200 |

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