

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER – 2022

B.Com.(AIDED & SF)

MAXIMUM MARKS: 50

I SEMESTER

TIME : 3 HOURS

PART – III

FINANCIAL ACCOUNTING

SECTION – A

**ANSWER THE FOLLOWING QUESTIONS (10 x 1 =10 MARKS)
(MULTIPLE CHOICE QUESTIONS) (K1)**

1. According to the going concern concept, a business entity is assumed to have.....
 - a. A short life
 - b. A long life
 - c. A very short life
 - d. Eternal life
2. Single entry system is.....
 - a. Not a systematic accounting
 - b. Correct method of accounting
 - c. Scientific method of accounting
 - d. Preparing statement of affairs
3. Selling expenses should be divided among the different departments on the basis of.....
 - a. Floor space
 - b. Purchases
 - c. Space occupied
 - d. Sales
4. Under H.P. System, buyer becomes the owner.....
 - a. After receipt of goods
 - b. On payment of down money
 - c. On payment of last instalment
 - d. Cash price and interest
5. Dead rent is also called.....
 - a. Outstanding rent
 - b. Minimum rent
 - c. Prepaid rent
 - d. Maximum rent

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

6. Define accounting.
7. Expand the meaning of depreciation.
8. Explain the branch stock account.
9. Indicate the term instalment purchase system.
10. Interpret the meaning of royalty.

SECTION – B **(5 X 3 = 15 MARKS)**

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

(K3)

11. a) Examine the importance of accounting standards.
(OR)
b) Interpret the objectives of IFRS.

12. a) A company purchased machinery for Rs.40,000 on 1.4.2019. It purchased another machinery on 1.10.2019 for Rs.15,000. On 31.12.2020 it sold Rs.20,000 machinery for Rs.5,000 was purchased on 1.4.2019. Depreciation is calculated at 10% p.a. on written down value method. Prepare machinery account for the year 2019 and 2020.

(OR)

b) On September 30th, 2017, fire occurred in the godown of Mr. Kumar, from their ascertain the claim to be lodged.

Stock on 1.1.2017 Rs.17,000. Purchase on 1.1.2017 to the date of fire Rs.1,70,000. Wages Rs.17,000. Sales from 1.1.2017 to the date of fire Rs.2,00,000. The rate of gross profit is 25%. The stock salvage was valued at Rs.4,000.

13. a) List the differences between departmental accounts and branch accounts.

(OR)

b) A madras head office has a branch at Salem to which goods are invoiced at cost plus 20%. From the following particulars, prepare Branch a/c in the head office books.

Particulars	Rs.
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash sales	1,10,400
Cash received from branch debtors	88,000
Branch debtors on 1.1.2016	24,000
Branch stock on 1.1.2016	7,680
Branch stock on 31.12.2016	13,440

14. a) From the following details of a businessman who sells of small value at cost plus 50%. Prepare Hire purchase Trading A/c.

Date	Particulars	Rs.
1-1-2018	Stock out with the customers at H.P. Price	9,000
	Stock at shop at cost price	18,000
	Instalment due but not received	5,000
31-12-2018	Goods worth Rs.500 repossessed (Inst. Not due Rs.2,000)	
	Cash received from customers	60,000
	Purchases made during the year	60,000
	Stock at cost at shop (excluding the goods repossessed)	20,000
	Instalments due but not received	9,000
	Stock out at Hire Purchase price with the customers.	30,000

(OR)

b) On 1.1.2018, a firm purchased a Truck on installment system. The cash price of the machinery was Rs.11,175 and payment was to be made as follows:

Rs.3,000 was to be paid on signing of the agreement and the balance in three instalment of Rs.3,000 each at the end of each year. Interest at 5% is charged by the vendor. The firm has decided to write off 10% annually on the diminishing balance of the cash price.

Calculate the interest in each year's installment.

15. a) Bala wrote a book and got it published with Pranav Publications on the Following terms:

- i. Royalties would be 15% of the sale proceeds of each year.
- ii. Minimum rent Rs.10,000 p.a.
- iii. Bala to revise the book when required by the publishers and submit the revised edition within 6 months of the request. If Bala delayed beyond 6 months, he has to pay Pranav Publications at Rs.500 per month as penalty for the period of delay. Further, in the delay, minimum rent was not to apply.

The number of copies sold and the sale price of each copy were as follows:

Year	No. of copies sold	Sale price of each copy
2015	2,000	20
2016	4,000	20
2017	2,000	25

At the end of 2nd year, Bala was requested to revise the book. The revised manuscript reached the publisher Pranav Publications, only on 1st October 2017.

Give journal entries in the book of Pranav Publications.

(OR)

b) On 1.1.2012, Rama Collieries Ltd., leased a piece of land agreeing to pay a minimum rent of Rs.2,000 in the first year, Rs.4,000 in the second year and thereafter Rs.6,000 per annum, merging into a royalty of 40 paise per tonne, with power to recoup short workings over the first three years only.

The figure of annual output for the four years to 31st December 2015 were 1,000, 10,000, 18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.

SECTION – C

(5 x 5=25 MARKS)

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

16. a) Discuss the accounting concepts and conventions.

(OR)

b) Outline the uses and importance of IFRS.

17. a) On 1st January 2014 Machinery was purchased by X for Rs.50,000. On 1st July 2015 additions were made to the extent of Rs.10,000. On 1st April 2016, further additions were made to extent of Rs.6,400. On 30th June 2017 Machinery the original value of which was Rs.8,000 on 1st January 2014 was sold for Rs.6,000. X closes his books on 31st December each year. Show machinery account for the year from 2014 to 2017 in his book of X if depreciation is charged at 10% at original cost method.

(OR)

b) The position of a businessman who keeps his books on single entry was as under on 31.12.2017 and 31.12.2018.

(CONTD.....4)

Particular	2017 (Rs.)	2018 (Rs.)
Cash in hand	400	480
Cash at bank	6,000	2,500
Stock	6,500	5,000
Debtors	4,000	5,200
Furniture	300	350
Creditors	4,100	3,100

He withdraws Rs.7,500 from business on 2.1.2018 out of which he spent Rs.5,200 for purchase of a motor truck for the business.

Adjustment:

- Depreciation on closing balance of furniture and truck at 10%.
- Write off Rs.220 as bad depts.
- 5% provision for bad and doubtful depts.

Find out profit or loss for the year.

18. a) From The following information of Madurai branch, Prepare Branch account for the year 2014.

Particular	(Rs.)	(Rs.)
Stock on 1.1.2014	--	11,200
Branch debtors on 1.1.2014	--	6,300
Goods sent to Branch	--	51,000
Cash sent to Branch for:		
Rent	1,500	
Salaries	3,000	
Petty cash	500	5,000
Sales at branch:		
Cash	25,000	
Credit	39,000	64,000
Cash received from debtors		41,200
Stock 31.12.2014		13,600

(OR)

b) The director of Televista Limited, with to ascertain approximately the profit of the T.V, Tape recorders and Transistors Department separately, for the quarter ended March 31, 2016. It is found impracticable to take stock on that date. On the basis on an adequate system of departmental accounting in use, it is estimated that the normal rate of gross profit for the departments concerned are 40%, 30% and 20%, respectively on turnover. Indirect expenses are charged in proportion to the department turnover. The following are the figure for each dept:

Particulars	TV (Rs.)	Tape Recorders (Rs.)	Transistors (Rs.)
Stock on January 1, 2016	60,000	70,000	30,000
Purchase of March 31, 2016	70,000	75,000	47,000
Sales to March 31, 2016	1,20,000	1,00,000	60,000
Direct expenses	20,200	14,500	7,100

Total indirect expenses for the period (including those relating to other department) were Rs.42,000 on total sales of Rs.8,40,000.

Prepare the Department Trading and Profit &Loss account to ascertain gross profit, after making reserve for stock at 10% in respect of each department.

19. a) On 1st January 2016 Baba & Co. purchased a machine on hire purchase basis, the total amount payable being Rs.42,700. Payment was to be made Rs.12,000 on that date and balance in three half-yearly instalment of Rs.11,400, Rs.10,900, and Rs.8,400 commencing from 30th June 2016. The vendor charged interest @ 10 p.a., calculated on half yearly rests.

Baba & Co. close their books annually on 30th June and provide depreciation @10% p.a. on reducing balance method.

Determine the cash price of the machine and show the relevant accounts in the books of Baba & Co.

(OR)

b) Malan purchased a Machine on Hire Purchase system on 1st January 2018. The terms of payment are four annual installment of Rs.12,690 at the end of each year. Interest is charged @5% and is included in the annual payment of Rs.12,690.

Show Machinery account and Hire vendor account in the book of Malan who defaulted in the payment of the third yearly payment whereupon the vendor repossessed the Machinery. Malan provides depreciation on the Machinery @ 10% pa., on the reducing balance.

20. a) A company acquired lease of a mine at a minimum rent Rs.10,000 p.a. the royalty was fixed at Rs.0.50 per tones. Short working could be recouped within three years following the year in which the short workings occur. If there is stopped of production due to strike in any year, the minimum rent would be proportionately reduced in regard to the length of the stoppage.

The output (in tonnes) of the mine was as follows:

2008 - Rs.8,000	2009 - Rs.12,500	2010 – Rs.21,500
2011 – Rs.26,000	2012 – Rs.17,000 (strike)	2013 – Rs.30,000

During 2012, there was strike leasing for 3 months. Show the necessary ledger account for each of the years in the books of the company.

(OR)

b) Determine the various technical terms used in Royalty accounts.
