

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER- 2022

B.COM-Business Process Services

MAXIMUM MARKS: 50

I SEMESTER

TIME: 3 HOURS

PART - III

FINANCIAL ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. (K1)

1. The determination of expenses for an accounting period is based on the concept of \_\_\_\_\_.  
a. Objectivity                      b. Materiality                      c. Matching                      d. periodicity
2. Depreciation is charged on \_\_\_\_\_.  
a. Fixed assets                      b. Current assets                      c. All assets                      d. Fixed assets other than land.
3. In accounting consignment means \_\_\_\_\_.  
a. Goods forwarded from one place to another  
b. Goods forwarded by a person to another  
c. Goods sent by its owner to agent  
d. Goods sent by its owner to his agent for the purpose by sale.
4. Joint venture account is a \_\_\_\_\_.  
a. A general partnership                      b. A particular partnership  
c. partnership                      d. Not limited a particular venture
5. Royalty is a \_\_\_\_\_ to lessee  
a. Income                      b. Expenses  
c. Both income and expenses                      d. None of the above

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

6. Define Accounting
7. Construct the meaning of depreciation?
8. Explain abnormal loss?
9. Explain joint venture account?
10. Define – copy right.

SECTION – B (5 X 3 = 15 MARKS)

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

(Qn. No. 11 to 15 Questions for Short Answers with internal choices) (K3)

11. a) Assess the golden rules of accounting.  
(OR)

b) From the following balances prepare Trading a/c:

Sales – 2,00,000, Adjusted purchases – 75,000, Wages – 10,000, Carriage inwards – 5,000

(CONTD....2)

12. a) Find out the rate of depreciation under Straight line Method from the following details.
- |                                  |          |
|----------------------------------|----------|
| Original Cost of the asset       | 10,000   |
| Estimated life of the asset      | 10 years |
| Estimated scrap value at the end | Rs 2,000 |
- (OR)
- b) A lease of land was acquired on 1<sup>st</sup> January 2000 at a cost of Rs. 30,000. It was decided to depreciate it under annuity method at 5% interest. Annuity tables show that Re. 0.230975 at 5% p.a. is required to write off Re. 1 in 5 years. Find out depreciation under annuity method.
13. a) A & Co. of Tirunelveli consigned 1,000 radios @ Rs. 700 each to B and Co. of Madurai. The consignors paid freight Rs.750, cartage Rs. 50 and insurance Rs.200. B and Co. received radios and incurred the following expenses.
- |                           |   |        |
|---------------------------|---|--------|
| Octroi and other expenses | - | 10,000 |
| Cartage                   | - | 510    |
| Sales expense             | - | 600    |
- The consignee sold 900, radios only. You are required to find out the value of closing stock.
- (OR)
- b) Describe the Del-Credere Commission?
14. a) Compare Joint venture and Partnership.
- (OR)
- b) Examine the characteristic features of Joint Venture.
15. a) Interpret (a) Royalty; (b) Minimum rent; (c) Shortworkings.
- (OR)
- b) J co. leased a property from M at a royalty of Rs.3 per tonne with a minimum of Rs.4000 per annum. Each year's excess of minimum rent over royalties is recoverable out of the royalties of the next 5 years. In the event of strike and the minimum rental not being reached, the lease provided that minimum rent would stand reduced proportionately to the time actually worked. The results of the working were as follows:
- | Year Ended       | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------|------|------|------|------|------|------|------|
| Actual Royalties | -    | 1300 | 3700 | 4500 | 7000 | 2400 | 6000 |
- In 2015, there was a strike for 4 months. Write up the minimum rent and short workings calculations.

### SECTION – C

(5 X 5 = 25 MARKS)

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

(Qn. No. 16 to 20 Questions for Long Answers with internal choices)

(K4 (Or) K5)

16. a) Determine the importance of accounting.
- (OR)
- b) Elaborate IFRS and outline the advantages.
17. a) Kumar Brothers Purchased a Machine On 1<sup>st</sup> July 2016 at a Cost of Rs. 14,000 and Spent Rs. 1,000 on its installation. The firm writes off depreciation at 10% of original cost every year. The books are closed on 31<sup>st</sup> December every year. Prepare Machinery account and depreciation account for 2 years.
- (OR)
- b) On 1<sup>st</sup> April, 2015, X Ltd. purchased a machine costing Rs. 4,00,000 and spent Rs. 50,000 on its installation. The estimated life of the machinery is 10 years, after which its residual value will be Rs. 50,000 only. Find the amount of annual depreciation according to the Fixed Instalment Method and prepare Machinery Account for the first three years. The books are closed on 31<sup>st</sup> March every year.

(CONTD .... 3)

18. a) Jeevan consigned 1500 boxes of tea @ Rs.750 each to Raman. He incurred Rs. 7500 for insurance, Rs. 12,000 for freight and Rs. 10,500 for other expenses. Raman sent an account sales which disclosed that 1200 boxes were sold at Rs.1,500 per box and the expenses were
- |          |                                   |
|----------|-----------------------------------|
| Rs.7,500 | For cartage                       |
| Rs.3,000 | For loading and Unloading charges |
| Rs.4,500 | For Advertisement                 |
| Rs.4,500 | For other selling expenses        |
| Rs.3,000 | For commission to consignee       |
- Prepare ledger accounts in the books of Jeevan.

(OR)

18. b) Balan consigned 100 packets of cosmetics each costing Rs.300 to his agent to Mumbai. He paid Rs.500 towards freight and Insurance. 15 packets were destroyed by fire on the way. Consignee took delivery of the remaining and spent Rs.700 as godown rent, Rs.1,000 import duty and Rs.300 as carriage outwards. Calculate the value of abnormal loss.
19. a) A and B decide to enter a joint venture for making a film for the government. The government decides to pay Rs.2,00,000. A contributes Rs.20,000 while B contributes Rs.30,000 and these amounts get deposited to the joint bank account. The payments that were made from this account are:
- |                       |         |
|-----------------------|---------|
| Purchase of equipment | -12,000 |
| Hiring of equipment-  | 10,000  |
| Wages-                | 90,000  |
| Material-             | 20,000  |
| Office expenses-      | 10,000  |
- A also paid Rs. 4,000 as the licensing fee. When the film was completed it was found defective and the government deducted Rs. 20,000. B took the equipment at a cost of Rs. 4,000. Separate books of accounts were managed for both the accounts in this joint venture and the profits were divided in the ratio 2:3 for A and B respectively. Make the necessary ledger accounts.

(OR)

- b) A, B and C are in a joint venture to share in the ratio of 2:2:1. 'A' purchased goods for Rs. 5,000 and from his stock valued @ Rs. 1000. 'A' received from B and C their share of Rs. 6,000 each. 'A' paid the expenses of Rs. 500. The goods were sold for Rs. 25,000. 'A' charged 5% commission on sales and rendered to B and C the statement of sales. Record the transactions in the journal books.
20. a) On 1<sup>st</sup> Jan 2005, The Chennai collieries Ltd., leased a piece of land for a minimum rent of Rs.5,000 in the first year, Rs.10,000 in the second year and thereafter Rs.15,000 per annum, merging into royalty of Rs.2.50 per ton, with power to recoup short-working over the first three years only. The annual output for the four years ending 31<sup>st</sup> December was 500, 3000, 8000 and 12000 tons respectively. Show the Royalty calculations, Short workings and the recoupment calculations for the four years.
- (OR)
- b) On 15th June 2015, the premises and stock of a firm was destroyed by fire but the accounting records were saved from which the following particulars are available:
- `Stock on 1.1.2014 73,500  
 Stock on 31.12.2014 81,900  
 Purchases for the year 2014 3,98,000  
 Sales for the year 2014 4,87,000  
 Purchases from 1.1.2015 to 15.6.2015 1,62,000  
 Sales from 1.1.2015 to 15.6.2015 2,31,200  
 The stock salvaged was ` 5,300. Show the amount of claim.