

(FOR THE CANDIDATES ADMITTED

SUBJECT CODE **22 UPA 101**

DURING THE ACADEMIC YEAR 2022-23 ONLY)

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER – 2022

B.Com. – P.A.

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. Trial balance is used to check the accuracy of.....
 - (a) Balance sheet balances
 - (b) Ledger accounts balances
 - (c) Cash flow statement balances
 - (d) Income statement balances
2. Under which depreciation method does the amount of depreciation expenses remains the same throughout the useful life of a fixed asset?
 - (a) Reducing balance method
 - (b) Number of units produced method
 - (c) Machine hours method
 - (d) Straight-line method
3. Commission provided by the consignor to the consignee to cover bad debt is known as.....
 - (a) Ordinary commission
 - (b) Del credere Commission
 - (c) Over-riding commission
 - (d) Special commission.
4. When unsold stock is taken away by a co-venturer, then account is debited.....
 - (a) Joint Stock
 - (b) Joint Venture
 - (c) Joint e Bank Account
 - (d) Co – venturers capital account
5. Short workings is
 - (a) Excess of minimum rent over the actual royalties
 - (b) Excess of actual royalties over the minimum rent
 - (c) Excess od actual output over the standard output
 - (d) Excess of standard output over the actual output

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define ‘ Journal’.
7. Explain diminishing balance method of depreciation.
8. What is Normal Loss?
9. What is meant by Joint venture?
10. What is average clause in fire insurance claims?

(CONTD 2)

SECTION – B**(5 X 3 = 15 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. (a) Journalise the following transactions:

2019

- December 5 Bought goods for Cash from Somu Rs. 1,700.
 9 Sold good to Selvam on Credit Rs. 1,700.
 10 Returned damaged goods to Sami Rs. 50.
 11 Paid Wages Rs. 85.
 15 Received Commission Rs.70
 18 Sold goods to Kannan for Cash Rs. 200.
 20 Cash Sales Rs. 500

(OR)

b) Rectify the following errors

- a) Rs.12,150 received from Rajesh was posted to the debit of his account
 b) Rs.2,250 being purchase returns were posted to the debit of purchase account
 c) Discount of Rs.4,500 received was posted to the debit of discount account

12. a) A machinery was purchased on 1st January 2010 at a cost of Rs.28,000 and spent Rs.4,000 on its installation. Depreciation is to be provided at 10% on the original cost. The books are closed on 31st December each year. The machinery was sold for Rs.12,000 on 31st March 2013.

Prepare the machinery account.

(OR)

b) A firm purchased a machinery on 1st January 2012 for Rs.12,000. It purchased another machinery on 30th June 2013 for Rs.2,000. As machinery purchased on 1.1.2012 for Rs.500 has become obsolete it sold out it on 31.3.2014 for Rs.50. It purchased another machinery for Rs.800 the same day. It depreciates machinery @15% under written Down value method.

Show the machinery account for the first three years.

13. (a) Explain the features of consignment and also show the relevant entry.

(OR)

(b) Goods consigned 1,000 kg. at Rs.20 per kg. Freight and carriage paid by the consignor Rs.8,000. Consignee sold 600 kg. at Rs.35 per kg and incurred Rs.2,000 as unloading expenses, Rs.4,000 as godown rent and Rs.2,000 as selling expenses. Normal Loss due to leakage is 100 kg. Ascertain the value of unsold stock.

14. (a) A and B enters into a joint venture, sharing profits in the ratio of 3 : 3. A supplies goods worth Rs. 10,000 and incurs Rs. 500 as expenses. B supplies goods worth Rs. 8,000 and incurs Rs. 400 as expenses. B is entitled to a commission at 5 % on sales. B sells goods for Rs. 25,000. B settles the account by a cheque.

Prepare joint venture a/c and B's account in the books of A.

(OR)

(b) Differentiate between Joint venture and Partnership.'

(CONTD3)

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

The figures of annual output for the four years to 31st December 2015 were 1000, 10,000, 18,000 and 20,000 tonnes respectively. Prepare the table showing short workings incurred, recovered and transferred to profit and loss account.

(OR)

- b) A fire occurred in the godown of a company on 10.10.18. All stocks were destroyed except to the extent of Rs. 6,200. From the following figures ascertain the claim amount in respect of loss of stock by fire:

	Rs.
Stock on 1.1.2017	40,000
Purchases during 2017	1,45,000
Sales during 2017	2,00,000
Stock on 31.12.2017	25,000
Purchases during 2018 up to the date of fire	1,52,200
Sales during 2018 up to the date of fire	1,89,000

SECTION – C

(5 X 5 = 25 MARKS)

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

(K4 (Or) K5)

16. (a) From the following Trial Balance prepare trading, profit and loss a/c for the year ended 31.03. 2016 and a balance sheet as on that date.

Trail Balance			
	Rs.		Rs.
Purchases	11,870	Capital	8,000
Debtors	7,580	Bad debts recovered	250
Returns inwards	450	Creditors	1,250
Bank deposits	2,750	Return outwards	350
Rent	360	Bank overdrafts	1,570
Salaries	850	Sales	14,690
Travelling Expenses	300	Bills payable	1,350
Cash	210		
Stock	2,450		
Discount	40		
Drawing	600		
	<u>27,460</u>		<u>27,460</u>

Adjustments:

- The closing stock on 31.03.2016 was Rs.4,200.
- Write off Rs.80 as bad debts and create a reserve for bad debts 5% on sundry debtors.
- Three months rent is outstanding.

(CONTD4)

(OR)

- (b) The following errors were found in the books of Mr.Dhanapal. The Trial balance was out by Rs.2,958,excess credit. The difference has been posted to a suspense account. Pass necessary journal entries to rectify.
- A sales of Rs 1,200 to Babu was wrongly credited to his account
 - A purchase of Rs. 402 had been posted to the creditors account as Rs 360
 - The total of returns inward books for December had been cast Rs. 600 short
 - A cheque for Rs. 1,200 received from Satish had been dishonoured and was posted to the debit of "Allowence Account".
17. (a) Ms Devi purchased new machinery on 1st April 2019 for Rs. 3,60,000. O, 1st October 2019, another Machinery was purchased for Rs. 1,80,000 on 30th September 2020. The second machine was sold for Rs.2,60,000.Rate of depreciation to be provided at 10% under diminishing balance method. Books are closed on 31st March every year.
- Prepare machinery account for three years.
- (OR)
- (b) A second hand machinery was purchased on 1.1.10 for Rs.30,000 and repair charges amounted to Rs.6,000. It was installed at a cost of Rs. 4,000. On 1st July 2011, another machine was purchased for Rs.26,000. On 1st July 2012, the first machine was sold for Rs.30,000. On the same day one more machine was bought for Rs. 25,000. On 31.12.12 the machine bought on 1st July 2011 was sold for Rs. 23,000. Accounts are closed on 31st December. Depreciation is written off at 15% per annum under straight line method. Prepare Machinery a/c for 3 years ending 31.12.12.
18. a) Karthick sold goods on behalf of Vinayak sales corporation on consignment basis. On 1-4-19, he had with him a stock Rs. 40,000 on Consignment. Karthik had instruction to sell goods at cost plus 25% and was entitled to a commission of 4% on sales, in addition to 1% del-credere commission on total sales, for guaranteeing collection of all the sale proceeds.
- During the year ended 31-3-20 cash sales were Rs. 2,40,000, credit sales Rs, 2,10,000 and Karthik's expenses in relation to consignment Rs. 6,000 being salaries and insurance. Bad debts were Rs. 6,000 and goods sent on consignment Rs.4,00,000
- You are required to prepare Consignment A/c in the books of Vinayak Sales corporation and important Ledger accounts in the books of Karthik.

(OR)

- (b) Distinguish between Sale and Consignment.
19. (a) P&B under took jointly to construct a building for Z Ltd. For a contract price of Rs. 1,60,000. The price was to be paid Rs. 80,000 in cash and the balance in shares of Z Ltd. A banking account was opened jointly, P contributing Rs. 45,000 and B Rs. 40,000. They agreed to share profit or loss in proportion of 3/5 : 2/5. The joint Venture transaction were as under.
- Material purchased Rs. 74,000; Wages paid Rs. 46,000; Establishment expenses paid; Rs. 6,000. The contract was completed and he price was received. The shares were sold for Rs. 70,000. B took over the unused materials at Rs.2,000.
- Show the necessary accounts.
- (OR)
- (b) Explain the different methods of recording transactions relating to Joint ventures.

(CONTD 5)

20. (a) Yashpal owned the patent of a safety lock. Seth & Co acquired the right to manufacture and sell locks for seven years on the following terms.
- (a) Seth & Co to pay Yashpal a royalty of Rs.5 for each lock sold with a minimum annual payment of Rs.50,000. Accounts are to be settled on 31st March.
- (b) If in any year the royalty calculated on locks sold amounted to less than Rs.50,000, Seth & Co is to have the right to deduct the deficiency from the royalty payable in excess of that sum in the two following years.
- The number of locks sold was as follows:

Year ended 31st March:

	Rs.
2011	8,000
2012	9,000
2013	11,000
2014	18,000

You are required to prepare necessary ledger Accounts in the books of Seth & Co.

(OR)

- (b) A fire occurred in the business premises of Thiru. Ponnusamy on 15.10.18. From the following particulars ascertain the loss of stock and prepare a claim for insurance:

	Rs.
Stock on 1.1.17	30,600
Purchased during 2017	1,22,000
Sales during 2017	1,80,000
Stock as on 31.12.17	27,000
Purchased from 1.1.18 to 14.10.18	1,47,000
sales from 1.1.18 to 14.10.18	1,50,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.18, 000. The amount of policy was Rs.63, 000. There was an average clause in the policy.
