

First Semester B.Com. Degree Examinations

October/November 2018

(2018 – 19 Syllabus)

COMMERCE

Paper COA 410: FINANCIAL ACCOUNTING – I

Time: 3 hrs.]

[Max. Marks: 80

SECTION – A

I. Answer any THREE questions. FIVE marks each:

3 x 5 = 15

1. Explain the objectives of Accounting.
2. Bring out the differences between Joint Venture and Consignment.
3. Mr. Ram of Bombay sent 100 bicycles which cost ₹ 900 each to Greeshma of Shimoga on consignment basis. Ram paid freight of ₹ 1,200, cartage ₹ 300 and Insurance ₹ 400. In Shimoga Greeshma has spent ₹ 100 as cartage and unloading ₹ 50. The bicycles have been kept in a godown at a monthly rent of ₹ 100 p.m. At the end of accounting period, 20 bicycles remained unsold. The selling price of the bicycle is ₹ 1000 at Shimoga. What should be the value of stock unsold.
4. From the following balances, prepare statement of Gross profit and gross loss for the year ending 31st March 2018.

| | |
|------------------------|--------|
| Stock at the beginning | 20,000 |
| Purchases | 60,000 |
| Sales | 90,000 |
| Wages | 5,000 |
| Salaries | 10,000 |
| Carriage inwards | 500 |
| Power | 500 |
| Returns inward | 1,000 |
| Returns outward | 1,000 |
| Stock at the end | 21,000 |

5. From the following particulars taken from the cash book of a Health Club. Prepare a receipts and payments account:

| | |
|------------------|----------|
| Opening balance: | |
| Cash in hand | 5,000 |
| Cash at bank | 25,000 |
| Subscriptions | 1,65,000 |
| Donations | 35,000 |

Contd..... 2

| | |
|------------------------|--------|
| Investment purchased | 80,000 |
| Rent paid | 20,000 |
| General Expenses | 21,500 |
| Postage and stationery | 2,000 |
| Courier charges | 1,000 |
| Sundry expenses | 2,500 |
| Closing cash in hand | 12,000 |

SECTION - B

II. Answer any TWO questions. TEN marks each:

2 x 10 = 20

- What are the differences between receipts and payments account and income and expenditure account?
- Mr. Jayanth gives you the following information as on 31.3.2018. you are required to prepare statement of cost of production.

| | |
|-----------------------------|----------|
| | ₹ |
| Opening Stock: | |
| Raw materials | 1,00,000 |
| Work – in – progress | 75,000 |
| Finished goods | 1,25,000 |
| Closing Stock: | |
| Raw materials | 20,000 |
| Work – in – progress | 25,000 |
| Finished goods | 25,000 |
| Purchase of raw – materials | 30,000 |
| Factory rent | 20,000 |
| Carriage | 5,000 |
| Motive power and water | 6,000 |
| Manufacturing wages | 1,000 |
| Office salaries | 2,000 |

- From the following details prepare an account sales.

| | |
|--------------|-----------------------------------|
| Consignor: | Anupama of Bangalore |
| Consignee: | Greeshma of Shivamogga |
| Consignment: | 100 bags of sugar at ₹ 5,000 each |
| Sales: | 50 bags at ₹ 6,000 each |
| | 20 bags at ₹ 6,500 each |

Consignee's expenses:

| | |
|------------------------|----------|
| Freight and Cartage: | ₹ 5,000 |
| Godown rent | ₹ 2,000 |
| Other expenses | ₹ 1,000 |
| Consignee's commission | 10% |
| Advance paid | ₹ 79,000 |

Contd..... 3

9. Akbar and Beerbal were partners in a Joint Venture Sharing profits and losses in the proportion of 1:4. Akbar supplies goods worth ₹ 5,000 to Beerbal and incurs expenses amounting to ₹ 400. Beerbal bought goods of the value of ₹ 4,000 and his expenses amounted to ₹ 300. Beerbal sells goods on behalf of the Joint Venture and realized ₹ 12,000. Beerbal is entitled to a commission of 5% on sales and settles his accounts by bank draft.

Give Journal entries in the books of Akbar.

SECTION - C

III. Answer any THREE questions. FIFTEEN marks each:

3 x 15 = 45

10. Discuss briefly the basic concepts of Accounting.
11. From the following trial balance of Mr. Dance Kumar. Prepare the statement of profit and loss for the year ended 31.3.2018 and the balance sheet as on that date. (in vertical format)

| | Debit | Credit |
|------------------------|----------|----------|
| Land and Building | 50,000 | — |
| Purchases | 1,10,000 | — |
| Stock on 1.4.2017 | 40,000 | — |
| Returns | 1,500 | 2,500 |
| Wages | 10,000 | — |
| Salaries | 9,000 | — |
| Office expenses | 2,400 | — |
| Carriage inwards | 1,200 | — |
| Carriage outwards | 2,000 | — |
| Discount | 750 | 1,200 |
| Bad debts | 1,200 | — |
| Sales | | 2,05,000 |
| Capital account | | 1,30,000 |
| Insurance | 1,500 | — |
| Commission | | 1,500 |
| Plant and Machinery | 50,000 | — |
| Furniture and Fixtures | 10,000 | — |
| Bills receivable | 20,000 | — |
| Sundry Debtors | 40,000 | — |
| Sundry Creditors | | 25,000 |
| Cash in hand | 1,500 | — |
| Cash at Bank | 4,500 | — |
| Office equipment | 12,000 | — |
| Bills Payable | | 2,350 |
| | 3,67,550 | 3,67,550 |

Contd..... 4

The following adjustments are required

1. Closing stock amounted to ₹ 60,000
 2. Outstanding liabilities: wages ₹ 2,000, Rent ₹ 3,000
 3. Depreciate land and buildings at 5% and plant and machinery at 10%
 4. Raise a bad and doubtful debts reserve at 5% on sundry debtors
 5. Insurance premium prepaid ₹ 200
 6. Provide interest on capital at 5%
12. From the following statements of an education society, prepare an Income and expenditure account for the year ended 31.3.2018 and the balance sheet as on that date.

Balance Sheet as on 31.3.2017

| | | | |
|--------------|----------|------------------|----------|
| Capital Fund | 3,64,000 | Furniture | 32,500 |
| Audit fees | 5,000 | 3% Govt., Bonds | 3,10,000 |
| Creditors | 20,000 | Maps and Charts | 16,000 |
| | | Subscription O/s | 10,000 |
| | | Cash | 20,500 |
| | 3,89,000 | | 3,89,000 |

Receipts and payments account as on 31.3.2018

| | | | | | |
|----|------------------------|----------|----|----------------------|----------|
| To | Balance b/d | 20,500 | By | Audit fees | 5,000 |
| " | Subscriptions | 2,05,000 | " | Rent | 18,000 |
| " | Special Donations | 25,000 | " | Maps and Charts | 34,000 |
| " | Interest on Govt Bonds | 4,500 | " | Stationery & Postage | 2,500 |
| | | | " | Salary | 82,500 |
| | | | " | Creditors | 17,500 |
| | | | " | Functions | 10,500 |
| | | | " | Balance | 85,000 |
| | | 2,55,000 | | | 2,55,000 |

- a) Audit fees ₹ 5,000 is still outstanding
 - b) Charge ₹ 2,500 as depreciation on furniture
 - c) $\frac{1}{2}$ of the special donation is to be capitalised
13. Nagaraj and Subash entered into a Joint Venture sharing profit and losses in the ratio of 1:1. Nagaraj contributed 75,000 and Subash ₹ 75,000. The amounts contributed by them were deposited into a Joint Bank Account. They bought goods for cash ₹ 1,00,000 and from Nagaraj for ₹ 40,000. They paid for carriage ₹ 7,000 rent ₹ 2,000 insurance ₹ 1,000 and other expenses 5,000 from Joint Bank Account. All the goods were sold for ₹ 2,00,000.

Prepare necessary ledger accounts.

14. Amith Oil Mills Bangalore consigned 2500 kg of Castrol Oil to Anu & Co Belagutti in April 1, 2018. The cost of oil was ₹ 18 per kg. The consignor paid ₹ 900 towards carriage, freight and insurance. In transit 250 kg oil was accidentally destroyed for which the insurance company paid ₹ 2,200 in full settlement of the claim directly to the consignor.

Anu & Co took delivery of the consignment on April 10, 2018 and accepted a bill drawn on by Amith Oil Mills of ₹ 5000 for 2 months. On June 30, 2018 Anu & Co reports 1750 Kg were sold at ₹ 25 per kg. The expenses of the consignee were ₹ 1,850 towards godown rent, advertisement and salaries of salesmen. Anu & Co charged a commission of 3% plus 2% del credere commission. Anu & Co further reported a loss of 20 Kg leakage in the consignee godown. Prepare the Consignment A/c, Consignee A/c, goods sent on Consignment A/c and Abnormal Loss A/c in the books of the consignor.
