



SN – 661

I Semester B.Com. Examination, November/December 2013

(Semester Scheme)

COMMERCE

Financial Accounting – I (Prior to 2011-12)

Time : 3 Hours

Max. Marks : 90

Instruction : Answers should be either in **Kannada** or in **English**.

SECTION – A

Answer **any 10** of the following. **Each** question carries **2** marks.

(10×2=20)

1. a) What is Revaluation Account ?
- b) What do you mean recoupment of shortworking ?
- c) What do you mean by re-possession ?
- d) Why is cash price always less than hire purchase price ?
- e) Write the journal entry in the books of landlord for the amount of Irrecoverable short working.
- f) How do you treat the fictitious assets appearing in balance sheet of an Amalgamating firm ?
- g) Who is a Hirer ?
- h) What is a Realization Account ? Why it is prepared ?
- i) Write an entry to close realization account shows debit balance.
- j) Give any 2 reasons for conversion of firm into a company.
- k) Distinguish between hire purchase system and installment system.
- l) What do you mean by Royalty ?

P.T.O.



SECTION – B

Answer any 5 of the following. Each question carries 5 marks.

(5×5=25)

2. What is the accounting procedure involved in sale of a partnership firm to a company in the books of the firm ?

3. Calculate the amount of interest and principle included in each Instalment :

Cash price – ₹ 1,00,000

Down payment – ₹ 25,000

3 Instalments of – ₹ 30,000 each

Payable at the end of each year.

4. Jain Coal Company is engaged in working a coal mine on 1/1/2000 it entered into an agreement with the owner of the land which provide for :

Royalty of ₹ 10 per ton of coal raised

Minimum rent of ₹ 12,500 per Annum with a power of recoupment for first 3 years.

The output during the first 5 years was

2000 – 1000 tons 2002 – 1500 tons

2001 – 1125 tons 2003 – 1900 tons

2004 – 2500 tons

Prepare the Analysis table from the above details.



5. A company took over the following assets and liabilities from a partnership firm

Machinery at ₹ 8,000

Stock at ₹ 17,500

Debtors at ₹ 25,350

Bills Receivable at ₹ 2,500

Goodwill at ₹ 3,000

Cash - ₹ 150.

The company agreed to take over creditor at ₹ 19,500.

The expenses of realization amounted to ₹ 150.

The firm received ₹ 20,000 of the purchase price in ₹ 10 fully paid equity share and balance in cash.

Calculate purchase consideration and discharge purchase consideration.

6. Calculate the amount of interest included in each instalment.

Cash price – ₹ 1,00,000

Down payment – ₹ 30,000

Three Annual Instalment of ₹ 40,000, ₹ 30,000 and ₹ 20,000 respectively payable at the end of each year.



7. Prepare short workings account from the following details :

Minimum Rent ₹ 40,000 p.a.

Royalty payable ₹ 5 per ton

Short working can be recovered during the first 4 years of the lease only.

The production for the first 4 years were as following :

2001 = 4000 tons

2002 = 6000 tons

2003 = 8000 tons

2004 = 9000 tons.

8. Prepare Interest Suspense Account in the books of the purchaser under instalment system.

Instalment price – ₹ 26,000

Cash price – ₹ 20,000

Interest to be Apportioned in the ration of 3 : 2 : 1

Date of purchase – 1/1/2008

The books are closed on 31 December each year. The 1st payment is made at the end of the first year.

9. Briefly explain the features of hire purchase system.



SECTION - C

Answer **any 3** of the following. **Each** question carries **15** marks. **(3x15=45)**

10. A Mining Company leased a property from N at a royalty of ₹ 5 per ton with a minimum rent of ₹ 15,000 p.a. Each year excess of minimum rent over royalty is recoverable out of the royalties of the next 3 years. The result of the workings are as follows :

Years Output (in tons)

2006 2000

2007 3500

2008 4000

2009 5600

2010 6000

Prepare necessary ledger accounts in the books of the company for 5 years.

11. On 1/1/2009, Manju Oil Company purchased an oil machine on the instalment system. The cash price of the machine was ₹ 1,11,750 and payment was to be made as follows : ₹ 30,000 was to be made on the signing of the agreement and the balance in 3 instalments of ₹ 30,000 each at the end of year 5% p.a. interest is charged by the vendor company. Manju Oil Company has decided to write off 10% p.a. as depreciation on the diminishing balance of the cash price.

Prepare necessary ledger accounts in the books of Manju Oil Company.

(Calculation are to be made to the nearest rupee).



12. Ruth purchased a machine costing 2,40,000 on 1/4/2008 from Mangalore Machines Ltd. Under hire purchase system. The term being : ₹ 60,000 down and the balance in 3 equal annual instalment together with interest at 20% p.a. on the outstanding cash price. Depreciation is to be charged at 15% p.a. under straight line method.

Prepare necessary ledger accounts in the books of Ruth till 31/03/2011.

13. Two firms N and R & P and Q carrying on similar business agreed to amalgamate their business as from 1/1/1999 on which date their Balance Sheet stood as follows :

Liabilities	N&R	P&Q	Assets	N&R	P&Q
Creditors	40,000	50,000	Bank	11,200	13,400
Mrs. N's loan	10,000	—	Stock	40,800	36,600
Capital :			Debtors	30,000	40,000
N	80,000		Furniture	8,000	10,000
R	40,000		Premises	80,000	—
P		48,000	Investment	—	30,000
Q		32,000			
	<u>1,70,000</u>	<u>1,30,000</u>		<u>1,70,000</u>	<u>1,30,000</u>



It was Mutually agreed that Mrs. N's loan should be repaid by N & R firm. Investments of P and Q not to be taken over by the new firm. Goodwill of M/s N & R was fixed at ₹ 16,000 and that of M/s P & Q of ₹ 20,000. Premises were revalued at ₹ 1,00,000. But stocks of M/s N and R found overvalued by ₹ 8,000, Stocks of M/s P and Q were under valued by ₹ 4,000. A reserve of 5% on debtors of both the firms is necessary.

Total capital of the new firm was to be ₹ 1,60,000 and the capital of each partner was to be in his profit sharing ratio which was 3 : 2 : 3 : 2 goodwill account of the new firm was to be written off.

Open the necessary ledger accounts in both the firms books and prepare capital account in the books of the new firm.

14. A and B were partners sharing profit in the ratio of 2 : 1 respectively. Their balance sheet on 31/12/2008 on which date they converted their business into a company was as follows.

	Amt.		Amt.
Creditor	1,20,000	Cash	28,000
Mortgage on		Debtors	1,04,000
Freehold premises	40,000	Stock	64,000



Capitals :		Machinery	20,000
A	80,000	Freehold Premises	64,000
B	40,000		
	<u>2,80,000</u>		<u>2,80,000</u>

The company took over all the Assets and liabilities except mortgage on free hold premises for a purchase price of ₹ 2,40,000 payable as to ₹ 48,000 in cash, ₹ 96,000 in debentures and the balance in equity shares of ₹ 100 each. Close the books of the firm after the above transaction have been carried out. Mortgage has been paid and partners agree to share debentures and shares in proportion to their capitals. Prepare necessary ledgers .

Accounts in the books of the firm.

ಕನ್ನಡ ಆವೃತ್ತಿ

ವಿಭಾಗ - ಎ

ಕೆಳಗಿನವುಗಳಲ್ಲಿ ಹತ್ತು ಪ್ರಶ್ನೆಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಪ್ರಶ್ನೆಗೆ ಎರಡು ಅಂಕಗಳು.

(10×2=20)

1. a) ಮರುಮೌಲ್ಯ ಖಾತೆ ಎಂದರೇನು ?
- b) ಕಡಿಮೆ ಉತ್ಪನ್ನಗಳನ್ನು ಹಿಂಪಡೆಯುವುದು ಎಂದರೇನು ?
- c) ಹಿಂದಕ್ಕೆ ಪಡೆದುಕೊಳ್ಳುವ ಹಕ್ಕು ಎಂದರೇನು ?