

Q.P. Code : 34121

**First Semester B.Com.(Regular)/BCLS/BCTT Degree Examination,
November/December 2019**

(CBCS – New Scheme)

Commerce

Paper 1.3 – FINANCIAL ACCOUNTING

Time : 3 Hours]

[Max. Marks : 70

Instructions to Candidates : Answer should be written in English.

SECTION – A

Answer any **FIVE** sub-questions from the following. Each sub-question carries **2** marks : **(5 × 2 = 10)**

1. (a) Mention any two objectives of Financial Accounting.
- (b) List out any two benefits of conversion of Single Entry System into Double Entry System.
- (c) Give any two features of a dependent branch.
- (d) Give the meaning of Hire Purchase System.
- (e) What is Inter departmental transfer?
- (f) Calculate sales :
Cost of goods sold Rs. 24,00,000, Rate of Gross Profit 20% on sales.
- (g) Why is Hire Purchase is greater than Cash Price?

SECTION – B

Answer any **THREE** questions from the following. Each question carries **5** marks : **(3 × 5 = 15)**

2. Briefly explain any five advantages of Financial Accounting.
3. Brijesh Vishwanath had the following transactions. Use accounting equation to show their effect on his Assets, Liabilities and Capital?
 - (a) Invested Rs. 15,000 in cash
 - (b) Purchased securities for cash Rs. 7,500
 - (c) Purchased a machinery for Rs. 25,50,000 : giving Rs. 50,000 in cash and the balance through loan account
 - (d) Sold securities costing Rs. 1,000 for Rs. 1,500
 - (e) Purchase an old car for Rs. 2,800 cash.

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4. Calculate the closing balance of debtors from the following information :

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Opening balance	10,000
Credit sales	90,000
Cash received	33,000
Cheques received	40,000
Acceptances received	15,000
Discount allowed	2,000
Acceptances dishonoured	3,000

5. Mr. Kulkarni purchases a motor car on hire purchase system. Total price of the car payable is 40,000 as down payment and thereafter the instalment of Rs. 26,000, Rs. 24,000 and Rs. 22,000 payable at the end of first, second and third year respectively. Interest is charged at 10% p.a. Calculate the Cash Price.

SECTION - C

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

6. Prakruthi Traders has a branch at Mulbagal. Goods are sent from the head office at cost plus 25%. The branch also purchases goods independently from local parties for which payment is made by the branch itself out of its collections. The branch advised to deposit cash periodically into head office bank account. From the following particulars prepare Mulbagal Branch A/c in the books of head office for the period ending 31st March, 2018.

Particulars	Amount	Particulars	Amount
Balance as at		Discount allowed by	
1 st April 2017		branch to debtors	80,000
Branch petty cash	80,000	Cash received by branch	
Branch debtors	10,00,000	from debtors	50,00,000
Branch furniture	8,00,000	Branch salary and rent	
Branch stock		paid by head office	1,50,000
Goods sent by head office	9,60,000	Petty expenses paid	
Direct purchases	4,80,000	by branch manager	2,20,000
Cash sales	18,00,000	Balances as at	
Credit sales	53,00,000	31 st March, 2014	
Direct purchases	18,00,000	Branch petty cash	?

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Particulars	Amount	Particulars	Amount
Returns from customers to branch	1,20,000	Branch debtors	?
Goods sent to branch at invoice price	24,00,000	Branch furniture	?
Cash sent to branch for petty expenses	1,00,000	Branch stock	
Bad debts at the branch	40,000	Goods sent by head office	7,20,000
		Direct purchases	4,80,000

Provide depreciation on branch furniture at 10% per annum.

7. From the following balances extracted from the books of Black Berry Departmental Stores, Prepare Departmental Trading and Profit and Loss Account in columnar from the year ended 31st December, 2016 :

Particulars	Debit	Credit
Opening stock on 1.1.2016 :		
Dept. I	1,20,000	
Dept. II	90,000	
Purchases and sales :		
Dept. I	1,60,000	3,00,000
Dept. II	1,40,000	2,80,000
Carriage Inwards :		
Dept. I	4,000	
Dept. II	2,000	
Machinery	36,000	
Salaries	60,000	
Rent	12,000	
Repairs to machinery	30,000	
Debtors and creditors	45,000	60,000
Capital		1,60,000
Cash in hand	12,000	
Bills receivable and Bills payable	15,000	6,000
Drawings	20,000	
Buildings	60,000	
Total	8,06,000	8,06,000

Adjustments :

- (a) Closing stock on 31st Dec. 2016 Dept. II 1,20,000
- (b) Salaries to be allocated in the ratio of 7 : 3
- (c) The value of machinery in Dept. I is 20,000 and that of Dept. II 16,000
- (d) Depreciate machinery @ 10% p.a. and building by 5% p.a.
- (e) Area of the building is occupied by Dept. I $3/5^{\text{th}}$, Dept. II $2/5^{\text{th}}$.

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8. Mr. Jayatheertha, a retailer does not keep his books of accounts, but does operate a business bank account. A summary of the bank statement for the year ended 31.03.2016 is given below :

Summary of Bank Scroll			
Receipts	Rs.	Payments	Rs.
Opening Balance	2,640.00	Cash paid to creditors	37,250.00
Cash received from debtors	48,500.00	Salaries	5,500.00
Closing balance	2,210.00	Rent	1,800.00
		General expenses	3,500.00
		Advertisement	300.00
		Drawings	5,000.00
	<u>53,350.00</u>		<u>53,350.00</u>

His Assets and Liabilities on 31.03.2015 and 31.03.2016 were as follows :

	31.03.2015	31.03.2016
	(Rs.)	(Rs.)
Fixed assets	10,400.00	10,400.00
Stock	5,240.00	6,300.00
Debtors	6,500.00	6,800.00
Rent prepaid	300.00	600.00
Creditors	4,600.00	4,700.00
Outstanding advertisement bill	100.00	150.00

Fixed assets should be depreciated at 10%

Prepare the Trading and Profit and Loss Account of Mr. Jayatheertha for the year ended 31.03.2016 and a Balance Sheet as on that date.

9. Mr. Prasanna purchased machinery from Bangalore Machinery Ltd. on 1st January 2010 on hire purchase system. The payment is to be made as follows:

Rs. 50,000 paid at the time agreement, Rs. 3,70,000 at the end of 2010, Rs. 3,40,000 at the end of 2011 Rs. 3,10,000 at the end of 2012, Rs. 2,80,000 at the end of 2013, the cash price of machinery Rs. 10,50,000, Rate of interest is 12% p.a. Prasanna charged depreciation on Machinery at 25% p.a. on diminishing balance. You are required to prepare necessary ledger accounts in the books of Mr. Prasanna.