Reg. No. \_\_\_\_\_\_\_\_\_\_\_\_\_



**End Semester Examination – Nov / Dec – 2019**

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| **Code :** | **17BC2004** | **Duration :** | **3hrs** |
| **Sub. Name :** | **FINANCIAL ACCOUNTING** | **Max. Marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. | a. | State the classifications of various assets and liabilities. | CO1 | 10 |
| b. | From the following Trial Balance of M/s Vikram Brothers prepare Trading and Profit and Loss Account for the year ended 31st March 2019 and Balance Sheet as on that date.   |  |  |  |  | | --- | --- | --- | --- | | **Particulars** | **Dr. Balances Rs** | **Particulars** | **Cr. Balances Rs** | | Cash in hand | 500 | Capital | 70000 | | Motor car | 25000 | Discount Received | 2000 | | Drawings | 48000 | Sales | 230000 | | Legal charges | 1500 | Creditors | 46000 | | Plant & Machinery | 60000 | Interest on investment | 5200 | | Investments | 40000 | Purchases Return | 3800 | | Opening stock | 35000 | Bills payable | 34000 | | Sales Returns | 2500 | Capital | 70000 | | Salaries | 12000 |  |  | | Discount allowed | 600 |  |  | | Carriage Inward | 1800 |  |  | | Wages | 21000 |  |  | | Postage | 400 |  |  | | Debtors | 60000 |  |  | | Interest | 1500 |  |  | | Insurance Premium | 1200 |  |  | | Purchases | 80000 |  |  | | Cash in hand | 500 |  |  | | **Total** | **391000** | **Total** | **391000** | | Closing stock as on 31.3.2006 | Rs. 28000 |  |  | | CO3 | 10 |
| **(OR)** | | | | |
| 2. | a. | Explain the various steps to be followed while preparing Trading and Profit and Loss Account. | CO2 | 10 |
| b. | From the following information of M/s Nand Lal & Bros. for the year ending 31st March, 2019 prepare Trading A/c and Profit and Loss A/c for the year ended 31st March, 2019.   |  |  |  |  | | --- | --- | --- | --- | | **Particulars** | **Dr. Balances Rs.** | **Particulars** | **Cr. Balances Rs.** | | Stock 1.4.2005 | 5800 | Sales | 72000 | | Purchases - cash | 42000 | Return Inward | 2000 | | Purchases - credit | 18000 | Interest on Investment | 1500 | | Freight Inward | 1800 | Discount Received | 1200 | | Wages | 4500 | Closing stock | 7200 | | Carriage on Sales | 800 | Sales | 72000 | | Telephone Charges | 1600 | Return Inward | 2000 | | Electricity Expenses | 1200 | Interest on Investment | 1500 | | Office Rent Paid | 6000 | Discount Received | 1200 | | Salaries | 8000 |  |  | | Depreciation | 1400 |  |  | | CO3 | 10 |
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| 3. | a. | Saroja owned the patent of an Electric Rice cooker. M/s Jaya prada & company acquired the right to manufacture and sell cookers for six years on the following terms. a) Jaya prada & co to pay saroja a royalty of Rs.10 for each cooker sold with a minimum annual payment of Rs 1,00,000. Accounts to be settled annually on 31st December. b) If in any year the royalty calculated on cookers sold amounted to less than Rs 1,00,000 Jaya prada & co have the right to deduct the deficiency from the royalty payable in excess of that sum in two following years.  The number of Rice cookers sold was as follows.   |  |  | | --- | --- | | **Year** | **Sales** | | 2015 | 9,000 | | 2016 | 9,500 | | 2017 | 12,000 | | 2018 | 18,000 |   You are required to prepare necessary ledger accounts to record the above transactions in the books of M/s Jaya prada & company which are closed annually on 31st December. | CO3 | 10 |
|  | b. | P.K. Rao took a lease of a mine from P.N Rao for a period of 20 years from 1.1.2019 upon the terms of royalty of Re. 1 per each tonne of output with a minimum rent of Rs. 40,000 P.K. Rao had the right of recouping short working during the first Four years. The following were the production.   |  |  | | --- | --- | | **Year** | **Out put in tonnes** | | 2015 | 5,000 | | 2016 | 24,000 | | 2017 | 40,000 | | 2018 | 60,000 | | 2019 | 75,000 |   Give necessary journal entries in the books of P.K Rao. | CO3 | 10 |
| **(OR)** | | | | |
| 4. | a. | Briefly explain the term “recouping short workings”. | CO1 | 10 |
| b. | A took a lease of coal mine from S on a roylty of Rs.10 per tonne raised. The output was as under.  1st year 10,000  2nd Year 16,000  3rd Year 20,000  4th year 16,000  Minimum rent was Rs.1,50,000 per annum. Short workings can be recouped in the first two years of the lease agreement. Prepare necessary ledger accounts in the books of S, Land lord. | CO3 | 10 |
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| 5. | a. | State the difference between hire purchase system and installment purchase system. | CO2 | 10 |
| b. | ‘Y’ acquires from ‘X’ machine on hire purchase system on 1-1-2004. The cash price is Rs. 60,000. Payment is to be made as follows: Down payment Rs 1,00,00 and 21,000 annually for three years. Interest is to be charged @ 12%. p.a. Pass the necessary journal entries and ledger accounts in the books of both the parties under three Methods. | CO3 | 10 |
| **(OR)** | | | | |
| 6. | a. | When there are different amount of instalments, Surya purchased a machine on hire purchase system. The total cash price of the machine is 67,000, payable Rs 16,000 down and thereby instalments of Rs 24,000 Rs. 20,000 and Rs. 18,700 payable at the end of the first, second and third year respectively. Interest is charged at 5% p.a. Charge depreciation at 10% on straight line method. Prepare ledger Accounts in the books of Surya. | CO3 | 10 |
| b. | On January 1st Sai purchased a machine on Hire Purchase under a Hire purchase agreement which provided for an initial payment of Rs 30,000 and the balance in four equal annual instalments of Rs. 40,000 each, rate of interest is 6% per annum. Find out the cash price of the machine. | CO3 | 10 |
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| 7. | a. | State the differences between joint venture, partnership and consignment. | CO2 | 10 |
| b. | A and B entered into a Joint venture involving the buying and selling of old railway material with an agreement to share profit or loss equally. (The amount is in Rs. Hundreds). The cost of the material purchased was Rs. 30,000 which was paid by A, who drew bill of Rs. 20,000 on B at three months' period. The bill was discounted by A at cost of Rs. 160. The transactions relating to the ventures were:  i) A paid Rs. 200 for carriage, Rs. 600 for commission on sales  and Rs. 100 for travelling expenses.  (ii) B paid Rs. 80 for travelling expenses and Rs. 120 for  sundry expenses  (iii) Sales made by A amounted to Rs. 21,400 less allowance  for faulty goods Rs. 400 and  (iv) Sales made by B were Rs. 15,000.  The remaining goods were retained by A and B for their private use and these were charged to them as Rs. 1600 and Rs. 2400 respectively. A was credited with sum of Rs. 300 to cover the cost for warehousing and insurance. The expenses in connection with the discounting to the bill were to be treated as a charge against the venture. Prepare the ledger accounts in the books of both the parties and also the memorandum joint venture account. | CO3 | 10 |
| **(OR)** | | | | |
| 8. | a. | Explain the different methods of recording the joint venture transactions. | CO2 | 10 |
| b. | A and B enter into a joint venture sharing profits and losses equally. A purchased goods for Rs. 5,000 for cash on January 1, 1999. On the same day Bought goods for Rs. 10,000 on credit and spend Rs. 1,000 on freight etc. Further expenses were incurred as follows:  On 1.2.1999 Rs. 1,500by B  On 12.3.1999 Rs. 500 by A  Sales were made by each one of them as follows :  15.1.1999 Rs. 3,000 by A  13.1.1999 Rs. 6,000 by B  15.2.1999 Rs. 3,000 by A  1.3.1999 Rs. 4,000 by B  Creditors for goods were paid as follows  1.2.1999 Rs. 5,000 by A  1.3.1999 Rs. 5,000 by B  On March 31, 1999 the balance of stock was taken over by B at Rs. 9,000. The accounts between the co-venturers were settled by cash payment on this date. The co-venturers are entitled to interest at 12% per annum. Prepare necessary ledger accounts in the books of venturers as per Memorandum Joint Venture Account Method. | CO3 | 10 |
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|  | | **Compulsory**: |  |  |
| 9. | a. | Explain the main features of a joint venture. | CO1 | 5 |
| b. | X and Y enter into joint venture to underwrite public issue of Reliance Ltd. They agree to guarantee the subscription at par on 1,00,000 shares of Rs. 10 each of Reliance Ltd. and sharing profits and losses in the ratio of 2:3. The terms with the company are 4.5 % commission payable in cash and 6,000 fully paid shares of the company. They agreed to pay expenses in connection with the issue of shares. The expenses incurred are advertisement Rs. 5,000; Printing and stationery Rs. 2,000 and postage Rs. 600. All expenses are paid by X. The public subscribed to 88,000 shares only. The remaining shares under the agreement were duly taken by X and Y who provided the necessary cash equally. The commission is received in cash and is shared by the co-venturers in the 23 ratio of 4:5. The entire holding of the joint venture is then sold in the market through brokers as follows : 25% at a price of Rs. 9 per share, 50% at a price of Rs. 8.75 per share, 15% at a price of Rs. 8.50 per share and the remaining 10% is taken over by A and B equally at an agreed price of Rs. 8 per share. Prepare the Joint Venture Account, Joint Bank Account, Shares Account and the Accounts of X and Y showing the final statement. | CO3 | 15 |