

13/09/2018

ST. JOSEPH'S COLLEGE (AUTONOMOUS) BENGALURU-27

MID SEMESTER EXAMINATION – AUGUST 2018

B.COM - I SEMESTER

BC1118: FINANCIAL ACCOUNTING

TIME: 1 Hour

MAX. MARKS: 30 Marks

SECTION A

Answer any FIVE of the following questions.

(5x2=10)

- 1) Who are the users of Accounting information?
- 2) Explain the meaning and significance of Accounting Period Concept?
- 3) What is meant by Accounting Convention?
- 4) What is meant by Royalty?
- 5) State the importance of Minimum rent in a lease agreement.
- 6) Pass the journal entries when the amount of Royalty is more than Minimum Rent
- 7) What is GAAP?

SECTION B

Answer any TWO of the following questions.

(2x5=10)

- 8) What are the functions of Financial Accounting?
- 9) What do you mean by Accounting Concepts? Explain the following accounting concepts: -
 - a) Business Entity Concept
 - b) Money Measurement Concept
 - c) Going Concern Concept
 - d) Dual Aspect Concept
- 10) The Bengal Coal Co Ltd holds a lease of coal mine for a period of 10 years, commencing from 1st January 2006. According to the lease, the company is to pay 0.50 paise per ton as royalty with a minimum rent of Rs.8000 per year. The production is as follows:-

Year	2006	2007	2008	2009
Production(tonnes)	2,500	9,500	20,000	30,000

Prepare a royalty analysis table under following situations: -

- a) Short workings should be recouped within first two years of the lease
- b) Each year's short workings should be recouped in the subsequent year
- c) Short working can be recouped during the life of the lease

SECTION C

Answer the following compulsory question.

(1x10=10)

11) Mineral Ltd leased a mine from Sarkar Ltd at a Royalty of Rs.5 per ton with a minimum rent of Rs.1,70,000 p.a. Each years excess of minimum rent over royalties is recoverable during the subsequent three years. The lease, however, stipulated that in the event of strike or accident, the dead rent would be taken pro rata on the basis of actual period of working. The output was as follows: -

Year	2011	2012	2013	2014	2015	2016
Production(tons)	4,000	28,000	30,000	46,000	30,000(Strike for 3 months)	50,000

Prepare Minimum Rent Account, Sarkar Ltd Account, Royalty Account and Short Workings Account.