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**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.COM/BPS – I SEMESTER**

SEMESTER EXAMINATION: OCTOBER 2021

(Examination conducted in February-March 2022)

**BC/BPS 1121: Financial Accounting**

Time- 3hrs Max Marks-100

**This paper contains three printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**2 x 5 = 10 marks)**

1. What is hire purchaser agreement?
2. What is royalty?
3. What is Del-credre commission?
4. Mention any two limitations of single-entry system.
5. What is pure single entry system?
6. Define accounting.

**Section B**

**II.** Answer ***any six*** of the following (**5 x 6 = 30 marks)**

1. Distinguish between sale and hire purchase.
2. India Oil Company, obtained a piece of land for 30 years for the extraction of crude oil in 2020 on the following terms: • Royalties payable: Rs. 0.50 per tonne extracted. Minimum rent Rs. 48,000. Each year’s excess is recoupable during the subsequent two years. Minimum rent to be reduced by 25% in any year in which a strike or accident occurs. The production was as follows: 2020 – 56,000: 2021 – 72,000: 2022 – 1,20,000 and 2023 – 88,000. There was a three-month strike that occurred in 2023. Prepare table of analysis.

1. Ascertain opening stock from the following information

Purchases made during the year – 22,000

Sales made during the year- 33,000

Closing stock – 2,000

Wages, freight - 500

Indirect expenses - 700

Rate of gross profit on cost- 1/2

Return inwards -3,000

Return outwards -2,00

1. Problem on calculation of abnormal loss in transit

Number of units consigned-100 units

Cost per unit Rs.75

Non-recurring expenses up to the loss – Rs.700

Number of abnormal loss in transit – 5 units

Calculate the value of abnormal loss

1. List out any five non-recurring expenses of the consignor.
2. Hipper Inc leased a mine on 1st April 2011 subject to minimum rent of Rs. 3,00,000 at a royalty of Rs. 20 per tonne. An added stipulation states that short workings are recoupable over the first three years of the lease. Output for the first four years are as follows: 8,000, 13,000, 21,000 and 18,000 tonnes. Prepare analysis table.
3. On 1st January 2020, the ANZ ltd bought a machine from TMT ltd on hire purchase system. The cash price was Rs.52,700 and the payment was to be made as follows: Rs.20,000 on signing of the agreement and the balance in 3 yearly instalment of Rs.12,000 each, 5% interest is charged by the hire vendor. Depreciation to be charged 10 % p.a as a reducing balance method. Calculate the interest for each year.
4. Briefly explain the functions of financial accounting.

**Section C**

**III.** Answer ***any three*** of the following (**15 x 3 = 45 marks)**

1. Explain the concepts and conventions of accounting.
2. Victor of Mumbai consigned 3000 Electronic Box at Rs.20,000 per Box to Suresh of Bengaluru paying freight Rs.40,000 and other expenses Rs.20,000. Suresh sold 2500 Box at Rs.25,000 and 250 Box at Rs.22,000 per Box for cash. Suresh spent for freight and octroi Rs. 30,000 and other expenses Rs.10,000. He remitted the amount due to Victor after deducting his commission at 5% , 2.5% over-riding and 0.5 % Del credere commission to be given on total sales. Suresh found that one customer to whom credit was allowed paid only Rs.48,000 against Rs. 50,000 in full settlement. Other customers paid the amount due. Pass Journal entries in the books of consignor.
3. Mr. Mark carries on small business but he does not maintain a complete set of accounts book. He banks all receipts and makes all payments by cheque. The following are the particulars obtained from the records. Receipts and Payments for year ended 31.3.2012

|  |  |  |  |
| --- | --- | --- | --- |
| Receipts | Amount | Payments | Amount |
| Cash from debtors | 35,250 | Furniture | 1,250 |
| Cash sales | 8,250 | Drawings | 3,000 |
| Additional capital | 5,000 | Wages | 13,450 |
|  |  | Salaries | 2,650 |
|  |  | Rent | 2,400 |
|  |  | Sundry expenses | 5,200 |
|  |  | Paid to creditors | 15,250 |

|  |  |  |
| --- | --- | --- |
| Assets and Liabilities | 1.4.2011 | 31.3.2012 |
| Furniture | 15,000 | 15,500 |
| Sundry debtors | 7,500 | 12,250 |
| Stock | 12,500 | 6,250 |
| Bank | 1,250 | ? |
| Sundry Creditors | 5,050 | 4,800 |

Provide reserve for doubtful debts Rs.500. From the above particulars prepare Trading and Profit & Loss account for the year ended 31.3.2012.

1. ABC Limited had taken on lease a mine on a royalty of Rs 5 per ton of iron ore raised with a minimum rent of Rs 40,000 per year and power to recoup short workings during the first four years. The production was as under

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Production in tones** | **Year** | **Production in tones** |
| 2011 | 2,000 | 2012 | 4,800 |
| 2013 | 8,000 | 2014 | 18,000 |

Prepare Royalty and short working account in the books ok ABC ltd.

**Section D**

**III. Answer the following (15marks)**

1. On 1st January 2021, an asset was bought by ACC Ltd from BCC Ltd. Cash price Rs.24000, down payment is 20% of cash price, balance of cash price is payable in 3 equal instalments together with interest at 10% on the outstanding cash price. Depreciation to be charged 10 % p.a on fixed method. Pass necessary journal in the books of purchaser (Asset Accrual Method).