



**I Semester B.Com. Degree Examination,
November/December 2019**

COMMERCE

**Paper 1.3 – Financial Accounting — I
(CBCS New)**

Time : 3 Hours

Max. Marks : 70

Instructions :

- 1) Attempt **all** Sections according to internal choice.
- 2) Give working note wherever necessary.

SECTION – A

Answer **any five** of the following :

(5 × 2 = 10)

1. What is Mercantile system of accounting?
2. What is ledger?
3. Classify the Accounting principles.
4. Why are you preparing Total Debtors Account?
5. What is Consignment?
6. What is Branch?
7. Give the journal entry for expenses incurred by consignor and consignee in the books of consignor.

SECTION – B

Answer **any three** of the following questions :

(3 × 5 = 15)

8. What are the accounts to prepare under 'Stock and Debtor' system?
9. Classify the following into recurring and non-recurring expenses :
 - (a) Loading charges
 - (b) Transportation
 - (c) Unloading charges

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| | Rs. |
|-------------------------|--------|
| Purchases | 81,000 |
| Opening stock | 16,000 |
| Insurance | 2,800 |
| Salary | 6,000 |
| Machinery | 20,000 |
| Rent and rates | 6,000 |
| Printing and Stationary | 1,600 |
| Commission received | 1,600 |
| Wages | 12,500 |
| Freight | 1,500 |
| Debtors | 28,000 |
| Creditors | 12,500 |
| Bills payable | 1,000 |
| Investments | 9,000 |
| Buildings | 67,000 |
| Cash at Bank | 7,500 |
| Cash in hand | 2,200 |

Adjustments :

- (a) Depreciation machinery by 10%.
- (b) Closing stock was valued at Rs. 20,000.
- (c) Insurance prepaid Rs. 500.
- (d) Outstanding salary Rs. 700.
- (e) Manager is entitled to a commission at 10% on the net profit after charging such commission.

15. Rajesh keeps his books of account under Single entry system furnishes the following information:

| Assets and Liabilities | 1.1.2017 | 31.12.2017 |
|------------------------|----------|------------|
| Creditors | 10,000 | 6,000 |
| Machinery | 8,000 | ? |
| Furniture | 7,000 | 7,000 |
| Stock | 10,000 | 8,500 |
| Debtors | 9,000 | 8,500 |



Summary of cash transactions for the year 2017

| | Rs. | | Rs. |
|--|---------------|--|---------------|
| Opening balance | 1,000 | Paid to creditors | 38,200 |
| Received from debtors | 39,500 | Salaries | 6,000 |
| Cash sales | 11,500 | Wages | 4,500 |
| Miscellaneous income | 200 | Trade expenses | 3,500 |
| Loan from Bharath (taken On 1.7.2017 at 20% P.A.) | 5,000 | Drawings | 2,000 |
| | | Purchase of machinery (on 1.7.2017) | 1,000 |
| | | Closing balance | 2,000 |
| | <u>57,200</u> | | <u>57,200</u> |

Other information :

- Discount earned Rs. 800.
- Discount allowed Rs. 1,000.
- Bad debts written off Rs. 500.
- Trade expenses include the fire insurance premium at Rs. 400 P.A. paid upto 31.3.2018.
- Outstanding wages Rs. 1,500.
- Depreciate Machinery and Furniture at 10% P.A.

From the above prepare Trading, P & L A/c for the year ending 31.12.2017 and Balance Sheet as on that date.

16. Hindustan Traders consigned 20,000 kg of oil to Ganesh Traders of Bijapur. The invoice price of each kg was Rs. 80 being cost +25%.

The consignor paid Rs. 16,000 as freight Rs. 20,000 as packing charges and Rs. 4,000 as insurance.

3,000 kg of oil was lost in transit and the Insurance Company accepted the claim for Rs. 70,000.

The consignee sells 12,000 kg of oil at Rs. 100 per kg. He also reported a loss of 1,000 kg of due to leakage which was accepted and allowed as normal loss. The consignee's expenses were Rs. 4,000 on godown rent and Rs. 2,000 as selling expenses. The commission was $7\frac{1}{2}\%$ on sales.

Prepare the necessary ledger accounts in the books of consignor.

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17. Rao & Company of Hubli is having its Branch at Gadag. The goods are invoiced to the Branch at 20% profit on sales. All the expenses are paid by the Head office.

From the following information prepare the ledger accounts in the books of Head office.

| | Rs. |
|---------------------------------|--------------|
| Stock on 1.1.2017 (I.P.) | 36,000 |
| Debtors on 1.1.2017 | 30,000 |
| Petty cash on 1.1.2017 | 40 |
| Goods sent to Branch (I.P.) | 1,60,000 |
| Cash sales | 84,000 |
| Credit sales | 1,36,000 |
| Goods returned by Branch (I.P.) | 6,000 |
| Cash sent to Branch for : | |
| Salary | 12,000 |
| Rent | 10,800 |
| Petty cash | <u>1,520</u> |
| | 24,320 |
| Cash received from debtors | 1,44,000 |
| Discount allowed to debtors | 1,200 |
| Bad debts | 800 |
| Stock on 31.12.2017 (I.P.) | 40,000 |
| Petty cash on 31.12.2017 | 80 |
