

# 8. St. Clare College

Autonomous, Bengaluru

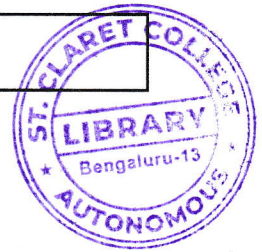
UG END SEMESTER EXAMINATION-DECEMBER 2024

B.COM I SEMESTER

BC1124: FINANCIAL ACCOUNTING

Roll No:

Date:



TIME: 3 hours.

MAX.MARKS: 80

This paper contains FIVE printed pages and FOUR parts

## Instructions:

1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

## PART-A

Answer all the TEN questions. Each answer carries ONE mark.

[ 10 x 1=10]

1. Which among the following is the not an accounting convention?  
a. Materiality      b. Full Disclosure      c. Consistency      d. Accrual
2. Paid salary ₹5000. What is the effect of the transaction on Accounting Equation?  
a. Cash ↑ by ₹5000 and Liability ↑ by ₹5000      b. Cash ↓ by ₹5000 and Liability ↓ by ₹5000  
c. Cash ↑ by ₹5000 and Capital ↑ by ₹5000      d. Cash ↓ by ₹5000 and Capital ↓ by ₹5000
3. Del Credere Commission means  
a. Does not get extra commission      b. Not responsible for any bad debts  
c. Gets an extra commission      d. Responsible for bad debts
4. \_\_\_\_\_ is known as unrealized profit.  
a. Loaded price      b. Margin profit      c. Both a and b      d. Neither a nor b
5. What would be the amount paid to landlord, when output is 2000 tons of ₹20 per ton and the minimum rent agreed is ₹50,000?  
a. 40,000      b. 10,000      c. 50,000      d. 25,000
6. Journal entry for Royalty paid  
a. Bank A/c and Landlord A/c      b. Landlord A/c and Bank A/c  
c. Royalties A/c and Landlord A/c      d. Landlord A/c and Royalties A/c
7. Statement of Affairs is prepared to calculate  
a. To find ledger balance      b. To find financial position  
c. To find the reliability      d. To find Capital balance
8. Calculate the claim amount when average clause is applied. Stock on date of fire ₹50,000/-, Insurance policy ₹30,000/- and goods salvaged ₹10,000/-  
a. 50,000      b. 37,500      c. 24,000      d. 36,500
9. The lessor promises to compensate short workings over the first few years, it is called  
a. Fixed recoupment      b. Fluctuating recoupment      c. Floating recoupment      d. None of these

10. Mr. X sold goods for cash ₹1,20,000 and on credit ₹54,000. The consignee is entitled to 10% ordinary and 5% Del-Credre Commission. What is the commission due to the consignee?

- a. 18000                      b. 26100                      c. 6000                      d. 5400

### PART-B

Answer any THREE questions. Each answer carries EIGHT marks.

[ 3 x 8=24]

11. Journalise the following transaction in the books of M/s NS traders

- April 1      Commenced business with the following: Bank ₹2,60,000, Furniture ₹1,00,000, Building ₹2,00,000 and Stock ₹30,000  
 April 4      Purchased Car ₹60,000 for Office use  
 April 6      Purchased goods from Rekha ₹ 20,000  
 April 8      Sold goods to Kiran ₹45,000  
 April 10     Cash Purchase ₹8000  
 April 11     Paid Rekha through Bank ₹19000 in full settlement of her account  
 April 12     Cash withdrawn for personal use ₹7,500  
 April 15     Cash received from Kiran ₹20,000

12. Prepare Total Debtors accounts and Bills Receivable Accounts for the year ending 31/3/2024 from the following details.

Total sales during the year	₹2,13,000
Cash sales during the year	₹39,500
Debtors on 31/3/2023	₹60,500
Debtors on 31/3/2024	₹90,000
B/R on 31/3/2023	₹3000
Bad debts	₹4,000
Cash received against bills receivable during the year	₹3,900
Return inwards during the year	₹1,000
Discount allowed during the year	₹500
Cash Received from debtors during the year	₹1,20,000

13. a. Explain the differences between Consignment and Sales?

- b. Pushpa Departmental Stores has credited certain items of Sales on Approval aggregating ₹40,000 to Sales Account. Of these, goods to the value of ₹9,000 have been returned and taken into stock at cost ₹4500 though the record of return was omitted in the accounts. And in respect of another parcel of ₹7,000 (cost being ₹4,000) the period of approval did not expire on the closing date. Show the necessary journal entries in the books of Pushpa Departmental Stores.

14. Bengaluru Coal limited leased a land from Balachandran at a royalty of ₹2 per ton of coal raised with the minimum rent of ₹15,000 p.a. The short working can be recovered in next 5 years. In the event of a strike the minimum rent not being reached, the actual royalty can be paid. The output for the first 8 years is as follows:

Year	2016	2017	2018	2019	2020	2021	2022	2023
Production (Tons)	1,000	3,500	5,000	9,500	9,000	5,000(strike 3 months)	10,000	11,000

Prepare the Analysis table.



15. A fire occurred in the premises of Ms. Sheela on 5<sup>th</sup> April 2024, a large part of the stock was destroyed. Stock salvaged amounted to ₹ 10,000. Ms. Sheela gives you the following information for the period of 1<sup>st</sup> Jan 2024 till the date of fire.

Purchase	₹1,55,000
Sales	₹1,20,000
Stock on 31/12/2023	₹53,220

A particular line of goods whose original cost is ₹4,500 were sold in the month of March 2024 for ₹3,900. Gross profit is charged at 20% of cost. On 31<sup>st</sup> March goods worth Rs.5,000 was unrecorded in the purchase account. Calculate amount to be claimed.

### PART-C

Answer any **THREE** questions. Each answer carries **TWELVE** marks.

[ 3x12=36]

16. Prepare accounting equation for the following transaction.

October 1 Started business with cash ₹15,000, Plant and Machinery ₹20,000 and Stock ₹10,000	October 16 Insurance paid in advance ₹500
October 3 Bought Furniture from Asha ₹5,000	October 19 Withdrawn cash for personal use ₹2,000
October 4 Purchased goods worth ₹10,000 from Aravind.	October 20 Sold goods to Swetha ₹6,000
October 9 Sold Goods worth ₹5,000 for cash	October 24 Rent Outstanding ₹400
October 12 Paid to Asha in cash ₹5,000	October 27 Depreciation on furniture ₹200
October 15 Purchased securities for cash ₹4,000	October 31 Received cash from Swetha ₹3000

17. Rashmi of Delhi consigned 300 chests of tea at ₹2,000 per chest to Madhav of Chennai paying freight ₹4,000, and other expenses ₹2,000. Madhav sold 250 chests at ₹2,500 per chests and 25 chests at ₹2,200 per chest for cash. Madhav spent for freight ₹3,000 and other expenses ₹1,000. He remitted the amount due to Rashmi after deducting his commission at 5% (normal) 2 1/2% (over-riding) and + 1/2% (del credere commission to be given on total sales). Madhav found that one customer to whom credit was allowed paid only ₹4,800 against ₹5,000 in full settlement. Other customers paid the amount due.

Prepare ledger accounts.

18. You are given the following details

a) Balance Sheet of Erin on 31-3-2023

Liabilities	Amount	Asset	Amount
Sundry Creditors	20,000	Cash	30,000
Bills Payable	9,000	Bills Receivable	10,000
Capital	1,22,000	Debtors	21,000
		Stock	30,000
		Land and Building	60,000
	1,51,000		1,51,000

b) Cash Transaction upto 31/3/2024

Particulars	Amount	Particulars	Amount
To Balance B/d)	30,000	By Wages	10,400
To receipt from Debtors	1,40,000	By Salaries	6,000
To Bills Receivable (Cash Received)	45,000	By Bills Payable (Cash Paid)	36,600
		By Payment to Creditors	75,500
		By office expenses	4,000
		By Drawings	15,000
		By Balance c/d	67,500
	2,15,000		2,15,000

c) A summary of Transaction for the year 2023-24

Purchase	1,60,000
Discount Received	6,000
Sales	2,10,000
Discount Allowed	1,000
B/R received during the year	50,000
B/P issued during the year	80,000
Stock of goods on 31/3/2024	35,000

Reserve for doubtful debts at 10% p.a. Depreciation on Land and Building ₹5000

Prepare Trading and Profit and Loss Account and Balance sheet as on 31/3/2024.

19. On 1st April 2024, Mr. Rathish leased out some land for a minimum rent of ₹8,000 for the 1st year, 2nd year ₹11,000 and thereafter ₹30,000 p.a. merged into a royalty payment of ₹1.50 per ton, power to recoup short working in the first 4 years. The Annual Output for the 5 years ending is

Year	2019	2020	2021	2022	2023
Output (in tons)	4,000	8,000	19,000	20,000	25,000

Prepare the Royalty Account, Short Working Account, Landlord Account and Minimum Rent Account.

20. Fire had broken out in the premises of Mahesh Pharma Co. Ltd., on 20th October 2024. The following figures were obtained from the records.

Stock on 1 <sup>st</sup> April 2023	₹75,500	Sales during the year 2023-24	₹11,50,000
Stock on 31st March 2024	₹1,80,000	Wages during the year 2023-24	₹9,300
Purchases during the year 2023-24	₹8,30,500	Carriage Inward during the year 2023-24	₹5,000
Purchase upto the date of fire	₹4,50,000	Sales upto the date of fire	₹6,70,000

The stock saved from was 30,000. There was a practice in the premises to value the stock at cost less 10% but they changed the practice and valued the stock on 31st March 2024 at cost plus 20%. The amount of policy was 90,000. Calculate the value of stock destroyed by fire and amount of actual claim when average clause is applicable.



## PART-D

**Answer the following Case Study.**

**[ 10 x 1 =10]**

21. Ms. Geetha owned a firm named Geetha Enterprises, which suffered a huge loss due to a short-circuit on 15th October 2022. Ms. Geetha had taken a fire insurance policy of ₹10,00,000 on the organization's assets in March 2022 and now wishes to claim for the loss. Although the accounting books were destroyed, data from the hard disk of the company was retrieved, providing the following information:

- a. Opening and closing stock for the previous year were ₹4,00,000 and ₹9,00,000, respectively.
- b. Purchase and Sales for the 2021-22 were ₹27,00,000 and ₹35,00,000.
- c. There was a sales return of ₹8,000, and direct expenses of the firm amounted to ₹55,000 in the year 2021-22.
- d. Purchase and sales for the current year till the date of the fire are ₹11,00,000 and ₹14,20,000.
- e. The gross profit margin of the company was 20% on Cost and remained unchanged over the year.

Using the information above, answer the following questions:

- i. What would be the actual loss of stock, if Ms. Geetha was able to recover certain quantity of goods for a price of ₹2,50,000, she also had to pay a sum of ₹1,00,000 during the incident to the fire brigades for their service?
- ii. If Ms. Geetha's found out that her accountant had undervalued the opening stock by 15% in the year 2021-22 and later on overvalued the closing stock by 25%, what would the gross profit rate on rectifying the error.