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Register Number:

Name of the Candidate:

M.Com. DEGREE EXAMINATION, May 2015**(ACCOUNTING AND FINANCE)****(FIRST YEAR)****540. FINANCIAL ACCOUNTING****(Old Regulations)**

Time: Three hours

Maximum: 100 marks

SECTION -A**(5 × 8 = 40)****Answer any FIVE questions**

1. What is Journal? What is its importance?
2. Explain different methods of valuation of goodwill.
3. From the following, distribute cash under proportionate capital method.
Capital of partners: A: ₹ 20,000; B: ₹ 10,000
Profit sharing ratio : 3:2
I installment (cash) ₹ 5000
II installment (cash) ₹ 2000
III installment (cash) ₹ 1000
4. A fire occurred in premises of X Ltd on 10.10.2013. All stocks were destroyed except to the extent of ₹ 6200. From the following figures, ascertain the loss of stock suffered by the company.

	₹
Stock in 1.1.2012	40,000
Purchases during 2012	1,45,000
Sales during 2012	2,00,000
Stock on 31.12.2012	25,000
Purchases during 2013 upto the date of fire	1,52,200
Sales during 2013 upto the date of fire	1,89,000

5. Sunder sells goods on Hire purchase, system at cost plus 60%. From the following prepare Hire purchase trading account.

	₹
Jan 1. Goods out on HP system at HP price	32,000
Dec 31. Instalments not due and unpaid	72,000
Instalments not due and unpaid	4,000

The following transactions took place during the year:-

- (a) Goods sold on HP price 1,60,000
- (b) Cash received from customers at HP price 1,12,000
- (c) Goods received back on default valued at (instalment due ₹ 4000) 800

6. Prepare trading accounts of Archara for the year ending 31.12.2013 from the following information:

	₹
Opening stock	80,000
Purchases	8,60,000
Freight inward	52,000
Wages	24,000
Sales	14,40,000
Purchases Returns	10,000
Sales Returns	3,16,000
Closing stock	1,00,000
Import duty	30,000

7. A company leased a colliery on 1.1.2008 at a minimum rent of ₹ 20,000 merging into a Royalty of ₹ 1.50 per ton with power to recoup short workings over the first four years of the lease. The output of the colliery for the first four year was 9,000 tons, 12,000 tons, 16000 tons and 20,000 tons respectively. Give ledger accounts for four years in the books of lesser and lessee.
8. Distinguish between branch accounts and departmental accounts.

SECTION -B

(3 × 20 = 60)

Answer any THREE questions

9. The following are the balances extracted from the books of Ganesh as on 31.12.2013 prepare Trading and Profit and loss account for the year ending 31.12.2013 and a Balance Sheet as on that date.

Trial Balance as on 31.12.2013

Debit Balances	₹	Credit Balances	₹
Drawings	4,000	Capital	20,000
Cash at bank	1,700	Sales	16,000
Cash in hand	6,500	Sundry creditors	4,500
Wages	1,000		
Sales 1.1.2013	6,000		
Buildings	10,000		
Sundry debtors	4,400		
Bills receivable	2,900		
Rent	450		
Commission	250		
General expenses	800		
Furniture	500		
	40,500		40,500

The following adjustments are to be made;

- stock on 31.12.2013 was ₹ 400
- Interest on capital at 6% to be provided
- Interest on drawings at 5% to be provided
- Wages yet to be paid ₹100
- rent prepaid ₹50

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10. A, B and C were carrying on business in a firm sharing profit and losses in the ratio of 3:2:1 respectively. On 31st December 2013, the balance sheet of the firm stood as follows:

Liabilities	₹	Assets	₹
Sundry creditors	13,590	Cash	5,900
Capital accounts		Debtors	8,000
A	15,000	Stock	11,690
B	10,000		
C	10,000		
	<u>48,590</u>		<u>48,590</u>

B' retired on the above date and following terms were agreed upon:

- Buildings be appreciated by ₹ 7000
- Provision for bad debts be made at 5% on debtors
- Goodwill of the firm be valued at ₹ 9000
- ₹ 5000 be paid to B immediately and the balance due to him to be treated as the loan account carrying interest 6% p.a.

Prepare ledger accounts in the books of the firm and show Balance sheet after B's retirement.

11. A, B and C share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$, and $\frac{1}{4}$ on the date of dissolution their Balance sheet was as follows:

Liabilities	₹	Assets	₹
Creditors	14,000	Sundry assets	40,000
A's capital	10,000		
B's capital	10,000		
C's capital	6,000		
	<u>40,000</u>		<u>40,000</u>

The assets realized ₹ 35,500 creditors were paid in full. Realisation expenses amounted to ₹1500 close the books of the firm.

12. P & B undertook jointly to construct a building for Z Ltd for a contract price of ₹ 1,60,000. The price was to be paid ₹80,000 in cash and balance in shares of Z Ltd. A banking account was opened jointly, P contributing ₹ 45,000 and B ₹ 40,000. They agreed to share profit or loss in proportion of $\frac{3}{5} : \frac{2}{5}$. The joint venture transaction were as under.
Materials purchased ₹ 74,000; wages paid ₹ 46,000; Establishment expenses paid ₹ 6,000.
The contract was completed and the price was received. The shares were sold for ₹ 70,000. B took over the unused Materials at ₹ 2,000. Show the necessary accounts.
13. Briefly explain various methods of providing for depreciation of fixed assets.
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