

I Semester B. Com. Examination, November/December 2014  
(Prior to 2012-13) (Repeaters)  
FINANCIAL ACCOUNTING – I

100 marks – of 2011-12 & onwards,  
90 marks – of prior to 2011-12

Time : 3 Hours

Max. Marks : 100/90

**Instruction :** Section D applicable for 100 marks students.  
100–2011–12 Only 90 – Prior to 2011–12

SECTION – A

Answer any 10 sub - questions. Each question carries 2 marks. (10x2=20)

1. a) State any two features of Installment purchase system.
- b) What is Goodwill ?
- c) Mention any two method of calculation of purchase consideration.
- d) What is Rebate ?
- e) What is Complete Repossession ?
- f) Calculate hire purchase price from the following :  
Cash price = ₹ 1,60,000 /-  
Hire charges = ₹ 40,000 /-
- g) What is short working ?
- h) What do you mean by Installment purchase system ?
- i) Who is a lessee ?
- j) Mention any two objectives of Amalgamation of firms.
- k) Compute the purchase consideration from the following :  
The purchasing company agrees to issue 1,000 equity shares of ₹ 10 each at par and cash ₹ 15,000.
- l) Give the meaning of hire purchase system.

SECTION – B

Answer any 5 questions.

(5x5=25)

2. What are the objectives of Amalgamation of firms ?
3. Differentiate between hire purchase system and installment purchase system.





4. The Balance Sheet of X and Y as on 31-3-2012 were as follows:

Liabilities	X(₹)	Y(₹)	Assets	X(₹)	Y(₹)
Capitals	15,000	20,000	Machinery	7,500	9,000
Creditors	10,000	5,000	Furniture	–	3,500
Bank loan	5,000	–	Stock	10,000	5,000
Bills Payable	–	2,500	Debtors	5,000	10,000
			Building	7,500	–
	<b>30,000</b>	<b>27,500</b>		<b>30,000</b>	<b>27,500</b>

They decided to amalgamate their business. The following revaluations were agreed.

- Machinery to be reduced by 10%
- Furniture of "Y" to be appreciated by 5%
- Stock to be depreciated by 10%
- Building to be appreciated by 20%

Pass the Journal entries in the books of "Y".

5. Prepare Interest Suspense Account in books of purchases under installment purchase system.

Cash price – ₹ 80,000

Installment price – ₹ 94,000

Interest to be apportioned in the ratio of 4 : 2 : 1

Date of purchase – 01/1/2010.

The books are closed on 31<sup>st</sup> December every year. The payment is made at the end of the year.

6. Pass incorporation entries in the books of M/s ABC Ltd. from the following particulars.

Purchase consideration – ₹ 6,00,000

Value of Sundry Assets taken over – ₹ 7,00,000

Value of Sundry Liabilities taken over – ₹ 50,000

Statement of hire purchase consideration – 80% in equity share of ₹ 10 each and the balance in cash.

7. Prepare an analytical table of royalties from the following :

a) Minimum rent ₹ 10,000 p.a.

b) Royalty ₹ 1 per ton

c) Short workings are recoverable during the first 3 years

d) Output during the first three years = 2,000, 5,000 and 15,000 tons respectively.





8. Calculate interest for each year from the following details :

- Cash price – ₹ 10,000
- Down payment – ₹ 4,000
- Balance in 3 installments of ₹ 2,000 plus interest
- Rate of interest – 5% p.a
- Depreciation – 10% p.a under written down valued method.

SECTION – C

Answer any 3 questions.

(3×15=45)

9. The following are the Balance Sheet of M&N and P&Q as on 31-3-2013

Liabilities	M&N (₹)	P&Q (₹)	Assets	M&N (₹)	P&Q (₹)
Reserve	6,000	–	Machinery	9,000	10,000
Creditors	14,000	8,000	Furniture	12,000	3,000
Capitals			Investments	4,000	–
M	20,000	–	Stock	8,000	15,000
N	10,000	–	Debtors	16,000	7,000
P	–	15,000	Cash	1,000	3,000
Q	–	15,000			
	<b>50,000</b>	<b>38,000</b>		<b>50,000</b>	<b>38,000</b>

P&Q shares the profit equally and M&N shares the profits and losses at 3:2. The terms of the amalgamated were as follows.

- The new firm acquires all the assets and liabilities of both the companies.
- The assets of P&Q were valued as follows : Machinery – ₹ 12,000, furniture ₹ 4,500, stock ₹ 14,000, debtors ₹ 6,500, and Goodwill – ₹ 6,000.
- The assets of M&N were valued as follows : Machinery – ₹ 10,000, stock ₹ 6,000, doubtful debts provision – ₹ 1,000, furniture – ₹ 12,000, investment – ₹ 4,000 and Goodwill ₹ 5,000.

Show the necessary ledger accounts in the books of old firm and also pass the opening entries in the new firm.

10. M/s ABC Co. Ltd. took a land on lease for a period of 25 years on 1-1-2009 on a royalty of ₹ 40 per ton with a minimum rent of ₹ 4,00,000 and short working can recoup during the first 4 years. The annual output was as follows.

- 2009 – 5,000 tons  
 2010 – 8,000 tons  
 2011 – 10,000 tons  
 2012 – 15,000 tons  
 2013 – 20,000 tons.

Prepare Necessary Ledger Accounts in the books of ABC Co. Ltd.





11. Raghu purchased a machine from XYZ Co. Ltd. on 1-1-2010 under hire purchase system. The cash price of the machine was ₹ 50,000, payable ₹ 10,000 on signing of the agreement and the balance in 4 annual installments of ₹ 10,000 plus interest at 5% p.a. payable on 31<sup>st</sup> December every year. Depreciation charged at 10% p.a under written down value method.

Show the necessary ledger accounts in the books of Raghu under asset accrual method.

12. Rama and Bhima are partners sharing profits in the ratio of 2 : 1 and their Balance Sheet on 31-3-2012 was as follows :

Liabilities	Amount	Assets	Amount
Creditors	40,000	Cash	300
Bills Payable	10,000	Stock	43,700
Rama's Capital	30,000	Machinery	20,000
Bhima's capital	20,000	Bills Receivables	5,000
Rama's Loan	20,000	Debtors 60,000	
Reserve Fund	6,000	(-) RDD <u>3,000</u>	57,000
	<b>1,26,000</b>		<b>1,26,000</b>

The purchasing Company acquires all the assets and liabilities as follows.

Machinery – ₹ 16,000, Stock – ₹ 35,000, Debtors – ₹ 50,700,  
Bills Receivables – ₹ 5,000, Goodwill – ₹ 6,000.

The company agreed to take over creditor at ₹ 39,000. The expenses of Realization amount to ₹ 300. Prepare necessary ledger accounts in the books of the firm.

13. M/s Roshi Ltd. purchased a machine on Installment purchase for ₹ 92,000, ₹ 2,000 paid on signing of the agreement and the balance was to be paid in the three equal installment of ₹ 30,000 each plus interest at 5% p.a. The company depreciated its machines by 10% under diminishing value method. Pass the necessary journal entries in the books of M/s Roshi Ltd.

#### SECTION – D

**Compulsory** for 2012-13 batch.

**(10×1=10)**

14. Pass incorporation entries in the books of the company from the following particulars :

Purchase consideration – ₹ 22,50,000

Total Assets taken over – ₹ 27,00,000

Liabilities taken over – ₹ 2,70,000

Statement of purchase consideration 15,000 equity shares of ₹100 each at face value, 3,000 9% Debenture of ₹ 100 each at par and the balance in cash.