



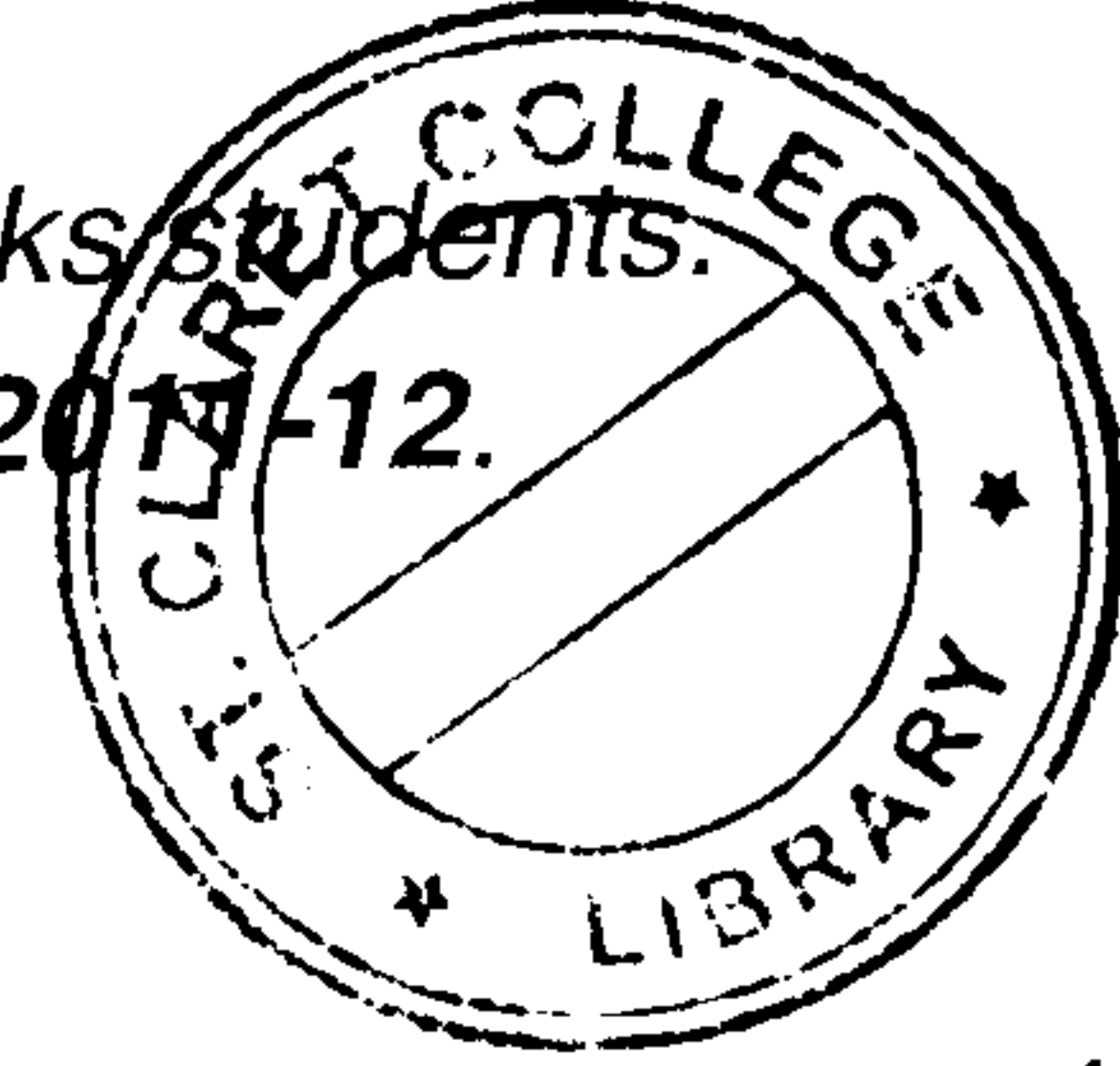
- 17 -

I Semester B.Com. Examination, Nov./Dec. 2015
(Prior to 2012-13) (Repeaters)
Commerce
FINANCIAL ACCOUNTING – I

Time : 3 Hours

Max. Marks : 100/90

Instructions : 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.

(10×2=20)

1. a) State any two features of hire purchase system.
- b) Why is the hire purchase price always higher than the cash price ?
- c) What is amalgamation ?
- d) What is purchase consideration ?
- e) What is short working ?
- f) Who is hire vendor ?
- g) What is Realisation A/c ?
- h) Write any two objectives of conversion of partnership firm into a limited company.
- i) What is Royalty ?
- j) Pass the journal entry when asset is taken over by a new company.
- k) What is Revaluation A/c ?
- l) What is minimum rent ?

SECTION – B

Answer any 5 questions. Each question carries five marks :

(5×5=25)

2. State any five features of Installment Purchase System.
3. Write a note on Purchase Consideration and methods of payment of purchase consideration.

P.T.O.



4. Zindal Mining Company has taken a mine on lease for 20 years on a royalty of ₹ 5 per tonne of iron ore raised with a minimum rent of ₹ 20,000 per year and power to recoup short workings during the first four years was under :

I year – 1200 tonnes II year – 2400 tonnes

III year – 3000 tonnes IV year – 9000 tonnes

Prepare analytical table.

5. From the following information, prepare Interest Suspense A/c in the books of buyer under Installment system :

a) Cash price of an asset – ₹ 4,00,000

b) Installment price – ₹ 4,90,000

c) Interest to be apportioned in the ratio of 3 : 2 : 1

d) Date of purchase – 01-01-2010.

The first payment is made at the end of the first year.

6. Calculate the purchase consideration from the following :

	₹
Land and building	30,000
Plant and machinery	50,000
Stock	30,000
Debtors	40,200
B/R	15,000
Current liabilities	1,02,000

The value of goodwill fixed at ₹ 30,000 and purchase price is payable in 5000 equity shares of ₹ 10 each and the balance in cash.

7. Cash price ₹ 18,000

Down payment ₹ 3,000

The balance is paid in 3 annual instalments of ₹ 6,000 each. Calculate interest included in each years instalment.

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

Purchase consideration – ₹ 11,25,000, Value of assets taken over – 13,50,000,

Current liabilities taken over ₹ 1,35,000.

Purchase consideration is paid in the following way :

60% in equity shares of ₹ 10 each at par and the balance in 8% debentures of ₹ 100 each at face value.



SECTION – C

Answer any 3 questions. Each question carries fifteen marks.

(3×15=45)

9. Ram and Prem are partners having profit sharing ratio of 2 : 1 and their B/S as on 31-3-2012 was as follows :

Liabilities	₹	Assets	₹
Creditors	40,000	Cash in hand	300
Bills Payable	10,000	B/R	5,000
Ram's loan	20,000	Debtors	60,000
Capital : Ram	30,000	(-) Reserve	<u>3,000</u>
Prem	20,000	Stock	43,700
Reserve fund	6,000	Machinery	20,000
	1,26,000		1,26,000

They agreed to sell the business to a limited company and the company to take over the assets and liabilities as follows :

Machinery ₹ 16,000, Stock ₹ 35,000, Debtors at ₹ 50,700, B/R ₹ 5,000 and Goodwill ₹ 6,000. The company agreed to take over creditors at ₹ 38,000 and B/P at ₹ 10,000. The realisation expenses amounted to ₹ 300. The firm received ₹ 40,000 in equity shares of ₹ 10 each and the balance in cash.

Prepare necessary Ledger A/cs in the books of the firm.

10. Ajay purchased a motor car from Bangalore Motors Ltd. on 1-1-2008 on Instalment system :

The payment is to be made as follows :

₹ 40,000 on delivery, ₹ 76,000 at the end of the first year, ₹ 60,000 at the end of the second year and ₹ 55,000 at the end of the third year. Interest at 10% p.a. is included in these instalments.

Ajay charged 20% depreciation on the motor car on diminishing balance method. You are required to prepare necessary Ledger A/cs in the books of Ajay.

11. Zora Co. Ltd. took a lease from a landlord for a period of 25 years from 1-1-2001 on a royalty of ₹ 2 per ton of coal raised with a minimum rent of ₹ 20,000 and power to recoup short workings during the first three years of the lease :

The annual output was as follows :

Year	Tons
2001	5,000
2002	8,000
2003	10,000
2004	15,000
2005	20,000

Prepare necessary Ledger A/cs in the books of Zora Co. Ltd.



12. Mr. Hanuman purchased two trucks on Hire Purchase on 1-1-2006, cash price being ₹ 56,000 and payment is to be made as follows :

On signing of the contract ₹ 15,000 and thereafter ₹ 15,000 being paid annually for 3 years. Interest was charged at 5% p.a. Depreciation was written off at the rate of 20% p.a. on the reducing balance method.

Prepare necessary Ledger A/cs in the books of Mr. Hanuman.

13. Raja and Ramanna are two traders. Their B/S as on 31st March 2009 are as follows :

Liabilities	Raja	Ramanna	Assets	Raja	Ramanna
Sundry Creditors	42,000	32,000	Plant and Machinery	30,000	40,000
Bank O/D	20,000	–	Stock	40,000	20,000
Reserves	–	10,000	Sundry Debtors	52,000	44,000
Capital :			Bank	–	8,000
Raja	60,000	–			
Ramanna	–	70,000			
	1,22,000	1,12,000		1,22,000	1,12,000

They agreed to amalgamate their business on 1-4-2009. The following revaluation to be made :

- 1) Plant and Machinery were to be reduced by 20%.
- 2) Stock is to be reduced by 40% in case of Raja and 20% in case of Ramanna.
- 3) A reserve of 5% on Debtors is to be raised in both cases.
- 4) The partners are to be credited with goodwill of ₹ 5,000 each.
- 5) The bank O/D of Raja is to be paid by him.

Prepare necessary Ledger A/cs in the books of Raja and Ramanna.

SECTION – D

Compulsory question for 2012-13 Batch :

(10×1=10)

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

Purchase consideration – ₹ 6,00,000

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

Current liabilities taken over – ₹ 50,000

Settlement of purchase consideration : 80% in equity.

Shares of ₹ 10 each and the balance in 8% debentures of ₹ 100 each.