

**COM 201.1**

**Reg. No.**

**CREDIT BASED SECOND SEMESTER B.COM. DEGREE EXAMINATION APRIL 2012  
COMMERCE FINANCIAL**

**ACCOUNTING - II**

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**SECTION-A**

**Time:3Hrs**

**Max. Marks: 80**

**Answer any three questions.**

**3x20=60**

1. The books of Thilak showed the following figures:

.1.2010          31.12.2

3,400	19,95
20,000	25,00
?	35,00
?	18,50

Cash and Bank		
Stock		
Debtors		
Creditors		
Sundi Assets	3,000	?

The Cash Book showed the following figures:

Receipts from Debtors	1,36,000
Private dividend paid in	2,000
Indirect expenses	19,650
Drawings	4,600
Payment to creditors	1,12,000
Discount allowed by them	1,200

Additional information:

1. Cost of goods sold during the year ₹1,05,300.
2. Thilak maintains a steady gross profit at the rate of 25% on sale.
3. Bad debts written off during the year ₹400 and past debt recovered ₹200

You are required to prepare:

- a) Trading and Profit and Loss Account for the year ending 31.12.2010
- b) Balance sheet as on that date.

2. The Atlas Cycle Ltd., Bombay forwarded on 1<sup>st</sup> July 2010, 200 bicycles to Soorya Traders. Mysore to be sold on Consignment basis. The cost of one cycle was ₹3,000 but the invoice price was ₹4,000. The Atlas cycles incurred ₹20,000 towards freight and insurance. The Soorya Traders gave an acceptance for ₹2,00,000 in favour of the Atlas Cycles Ltd. The acceptance was for 3 months. The Atlas Cycles Ltd., discounted the bill at 10%p.a. Two cycles were destroyed in transit and an amount of ₹4,000 was received by the consignor from the insurance company. The Soorya Traders had spent ₹8,000 as rent and ₹5,000 as insurance, and had sold 160 bicycles at ₹4,100 each. The consignee is entitled to a commission of 5% on sales including a delcredere commission of 1%. The Soorya Traders were not able to recover sales proceeds of 10 cycles because of insolvency of a debtor. Prepare Consignment Account and Soorya Traders Account in the books of Atlas Cycles Ltd. Also prepare Atlas Cycles Ltd A/c and Commission A/c in the ledger of Soorya Traders.

Akash Bharath and Chethan jointly undertake to construct a theatre building for Popi Entertainment Ltd., at a price of ₹50,00,000 to be paid ₹40,00,000 in cash by instalment and ₹10,00,000 in Debentures of the company.

They agree to share the profits or losses equally.

They contribute Akash ₹6,00,000, Bharath ₹7,50,000 and Chethan ₹4,00,000. The amounts are deposited in a joint bank account. Akash gets the plan prepared and pays ₹70,000 Architect's fees. Bharath brings into the venture a concrete mixer of the value ₹2,50,000 and Chethan brings into the venture a hand driven cart of the value ₹2,00,000. They buy a plant for ₹40,000. Materials worth ₹24,00,000 are purchased cash and wages ₹19,50,000 are paid.

On completion of the venture Akash takes over the unused materials for ₹1,40,000, Bharath takes back the concrete mixer at a valuation of ₹1,20,000 and Chethan takes back the cart at ₹80,000. The plant was sold for ₹60,000.

The contract price was fully received Akash took over the debentures at a valuation of ₹8,000.

Show Joint Venture Account, Joint Bank Account and the Accounts of ventures after final distribution and the settlement of accounts.

4. X Transport Ltd., purchased from Delhi Motors three trucks costing ₹5,00,000 each on hire purchase system. Payment was to be made ₹3,00,000 down and the remainder equal instalments together with interest at 18%p.a. X Transport Ltd. writes off depreciation at 20% on the diminishing balances. It paid the instalment due at the end of the first year but could not pay the next. Delhi Motors agreed to leave one truck with purchaser adjusting the value of the other two trucks against the amount due. The trucks were valued on the basis of 30% depreciation annually on diminishing balance method. Prepare the necessary ledger accounts in the books of both the parties.

### SECTION - B

**Answer any three questions.**

**3x5=**

5. Differentiate between hire purchase and instalment system.
6. On March 10, 2008 a fire broke out in the premises of M/s Rao and Company. All stock except goods worth ₹10,000 were destroyed. From the following inform ascertain the amount of the claim.

Stock on 1.1.2007	37,000
Stock on 31.12.2007	68,000
Purchases during 2007	4,85,000
Sales during 2007	6,10,000
Purchases from 1.1.2008 to 10.3.2008	232,000
Sales from 1.1.2008 to 10.3.2008	<b>3,02,000</b>

It was the practice of the firm to value stock at cost less 10%.

7. From the following information, calculate total purchases:

**X.**

Balance as on 1.1.2011	
Bills Payable	50,000
Creditors	40,000
Balance as on 31.12.2011	
Bills Payable	70,000
Creditors	40,000

Cash paid to creditors during the year	3,02,000
Bills Payable discharged during the year	89,000
Returns outwards	12,000
Cash purchases during the year	2,58,000

8. Prakash purchases a T.V. set from Bharath Co. on instalment system on 1.1.2001. The payments are to be made ^2,000 on delivery, ?3800 at the end of the first year, ?3000 at the end of the second year, ?2,750 at the end of the third year. Interest at the rate of 10%p.a. is included in the above instalments. T.V set is depreciated at 10%p.a. on original cost method. Prepare Bharath Co. A/c in the books of Prakash.

### SECTION - C

**Answer all the questions.**

**5x1=5**

9. State any two differences between joint venture and consignment.
10. What is a 'Proforma Invoice'?
11. From the following figures drawn from the books of a trader, who maintains his account as per single entry system. You are required to calculate credit sales.

Debtors in the beginning of the years	
Cash received from debtors	30,80
Bad debts written off	0
Returns inward	
Debtors at the end of the year	70,00
	0
	2,800
	4,000
	28,00
	0

12. K purchases a motor cycle on hire purchases system. The total price of motor cycle payable is ₹4,000 as down payment and thereafter the instalment of ₹6,000, ₹5,000 and ₹2,000 payable at the end of first, second and *third* year respectively. Interest is charged at 5%p.a. Calculate the cash price.

13. A fire broke out on September 30, 2010 in the godown of Mr. Arvind. From the following information ascertain claim to be lodged:

Stock on January 1, 2010	17,000
Purchases from January 1, 2010 to the date of fire	1,70,000
Sales from January 1, 2010 to the date of fire	2,00,000

The rate of gross profit is 25% on sales. The stock salvaged was valued at ₹4,000

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**CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION  
APRIL 2013  
COMMERCE  
FINANCIAL ACCOUNTING – II**

Time: 3 Hrs

Max. Marks: 80

**SECTION – A**

**Answer any Three questions.**

**3 x 20 = 60**

1. The books of Mr. Ashith showed the following figures

31-12-2010    31-12-2011

Cash in hand	400	850
Stock in trade	22,000	25,000
Sundry debtors	-----	35,000
Sundry creditors	23,400	18,500
Fixture and fittings	2,000	-----
Office car	1,000	-----

The cash book analysis showed the following particulars:

Receipts from customers	1,35,000
Discount allowed to them	1,400
Further capital introduced on 1 <sup>st</sup> July 2011	2,000
Salaries up to 30 <sup>th</sup> November 2011	11,000
Office rent up to 30 <sup>th</sup> November 2011	2,200
Advertising	900
General expenses	600
Motor up – keep	1,350
Printing and stationery	800
Drawings	6,600
Payment to trade creditors	1,12,000
Discount allowed by them	1,200
Traveling expenses	1,000

No ready figures are available for total sales but Mr. Rakesh maintains a steady gross profit of 25% on sales.

There were bills outstanding for petrol `250, Advertising `750 and printing `450. Provide 5% on debtors for doubtful debts, 2 ½ % on creditors for discount. The Motor Car and Fixtures are to be depreciated by 20% and 5% respectively. 5% interest is to be allowed on capital.

Differences in the cash book should be treated as cash sales. Prepare Trading and Profit & Loss Account for the year ended 31<sup>st</sup> December 2011 and a Balance Sheet on that date.

- The Canara Transport Company purchased 3 Lorries of `1,50,000 each on hire purchase system on 1 – 1 -2008, paying `90,000 cash and agreeing to pay the balance in three equal annual instalments payable on 31<sup>st</sup> December each year along with interest at 9%. The Canara Transport Co. writes off 20% depreciation every year on the cash value of the lorry under diminishing balance method. They could not pay the second installment. The company agreed to leave one Lorry with purchaser, adjusting the value of other 2 Lorries against amount due at 30% depreciation p.a. on written down value method. The company spent `15,000 on repairs and sold the Lorries for `1,20,000.  
Prepare necessary ledger accounts in the books of both the parties.
- Nayan and Manohar carrying business separately as contractors jointly take up the work of constructing a building at an agreed price of `2,50,000, payable in cash `2,00,000 and in fully paid shares of the company `50,000. A bank account is opened in which Nayan and Manohar paid in `62,500 and `37,500 respectively. The following costs were incurred in completing the construction and contract price was duly realised.
  - Wages paid `75,000
  - Materials purchased for cash `1,75,000
  - Materials supplied by Nayan from his stock `22,500
  - Consulting Engineer's fees paid by Manohar `5,000

The accounts were closed Nayan taking up all the shares of the company at an agreed valuation of `40,000 and Manohar taking the remaining stock of materials at `7,500. Prepare the Joint Venture Account, Joint Bank Account and personal accounts of Nayan and Manohar assuming that the net result of the venture is shared by Nayan and Manohar in the ratio of 2:1.

4. On 1 – 4 – 2010 Mohan of Mangalore consigned `1000 tons of goods to Bharath of Bangalore. The cost of goods consigned was `1,00,000. The proforma invoice was made so as to show a 25% on cost. Mohan paid freight and insurance of `10,000. During the transit 100 tons of the goods were lost and a sum of `10,000 was realised from the insurance company.

On arrival of the remaining goods, Bharath paid `4,050 as unloading charges. During the year ended 31<sup>st</sup> March 2011 Bharath paid `1,200 for godown rent and `750 for selling expenses. 90 tons of goods received were destroyed by fire in godown and a sum of `9,000 was realised from the insurance company. 90 tons of goods were lost due to leakage (Normal). 70 tons of goods remained unsold. During the year Bharath sold the goods at a uniform price of 10% over invoice price. Bharath is entitled to a commission of 10% on total sales plus a further 50% commission on any surplus price realised over the invoice price. Bharath paid the amount due by sending a bank draft. Prepare consignment account, Bharath's account and Abnormal Loss A/c in the books of Mohan.

#### SECTION – B

**Answer any Three questions.**

**3 x 5 = 15**

5. From the following particulars, prepare Total Creditors Account.

Opening Balance of Creditors	1,80,000
Payment by cash	4,00,000
Bills payable issued	10,000
Bills payable honoured	2,000
Bills payable dishonoured	500
Discount allowed by creditors	400
Returns to creditors	600
Credit purchases	3,35,000

6. On 15<sup>th</sup> March 2010, a fire occurred in the premises of a company. From the following particulars ascertain the amount of claim to be lodged in case of stock which was insured:

Stock on 1 – 1 – 2010	`1,00,000
Purchases from 1 – 1 – 2010 to the date of fire	`1,50,000
Wages	`50,000
Manufacturing expenses	`30,000
Sale from 1- 1 – 2010 to the date of fire	`2,40,000

The gross profit is 25% on sales. The stock salvaged was valued at `19500. The policy was taken for `1,20,000.

7. Prepare an account sales with imaginary figures.
8. On 1<sup>st</sup> January 2011 Tejashree and company acquired a machinery on installment purchase system. The terms were as follows:

The cash price of the machine was `37,250 and `10,000 was paid on signing the agreement, and to pay three further instalments of `10,000 each. The interest chargeable on outstanding balance was at 5% per annum.

Prepare Interest Suspense A/c.

**SECTION – C**

**Answer all the questions:**

**5 x 1 = 5**

9. What is 'Proforma Invoice'?
10. What is down payment under Hire Purchase System?
11. Calculate the amount of fire claim from the following details (average claim is applicable) stock worth `1,00,000 is insured for `60,000 the actual loss of stock by fire amounts to `30,000.
12. Asha and Usha entered into joint venture by contributing `26,100 and `21,600 pass journal entry.
13. Find out closing stock from the following:

Opening stock	35,000
Purchases	54,800
Sales	93,000

20% Gross Profit on cost.

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**CREDIT BASED SECOND SEMESTER B.Com DEGREE EXAMINATION**

**APRIL 2014**

**COMMERCE**

**FINANCIAL ACCOUNTING - II**

**Time: 3 Hrs**

**Max. Marks: 80**

**SECTION – A**

**Answer any THREE questions:**

**3X20=60**

1. You are given
  - a. Statement of affairs of Mr. Anand on 1-1-2013.



- b. Cash transactions during the year.  
c. Additional information.

**Statement of affairs as on 1-1-2013**

Bank overdraft	5,000	Cash in hand	700
Sundry Creditors	36,000	Bills receivable	25,000
Bills payable	16,000	Sundry Debtors	39,000
Capital	2,00,000	Stock	75,300
		Plant & Machinery	47,000
		Land & Buildings	70,000
	<u>2,57,000</u>		<u>2,57,000</u>

Cash transactions during 2013:

- a) Cash receipts from debtors `2,90,000 from Bills Receivable `1,00,000  
b) Cash payments-Salary `12,000, Wages 15,800, Bills payable `1,43,000, Payments to creditors `1,47,000, General Expenses 8,000, Drawings `45,000, Cash in hand `2,400, Cash at bank `12,500.

Other information:

Discount allowed `2,000

Discount received `1,000

Sundry debtors on 31-12-2013 `45,000

Sundry creditors on 31-12-2013 `38,000

Bills receivable on 31-12-2013 `34,000

Bills payable on 31-12-2013 `23,000

Stock on 31-12-2013 `53,000

Provide 5% on debtors for doubtful debts and 5% depreciation on Plant & Machinery.

Prepare Trading and Profit and Loss account and Balance Sheet as on 31-12-2013.

2. Modern Transport Ltd. purchased from Delhi Motors three trucks costing `5,00,000 each on hire purchase system. Payment was to be made `3,00,000 down and the remainder in 3 equal installments together with interest at 12%p.a. Modern Transport Ltd. writes off depreciation at 20%p.a. on the diminishing balance. It paid the installment due at the end of first year but could not pay the next. Delhi Motors agreed to leave one truck with the purchaser, adjusting the value of the other two trucks against the amount due. The trucks were valued on the basis of 30% depreciation annually on diminishing balance. Delhi Motors spends `40,000 on repair of the repossessed trucks and sells them for `6,00,000. Prepare necessary ledger accounts in the books of both the parties.
3. Nandini Ltd Mysore consigned 10,000kgs of Ghee to Anitha of Bangalore on 1-4-2012. The cost of ghee was `20 per kg. Nandini Ltd paid `5,000 towards freight and insurance. During transit, 250kgs were accidentally destroyed for which

the insurance company paid directly to the consignor ₹4,500 in full settlement of the claim.

Anitha took delivery of the consignment on 10-4-2012. Anitha reported that 7500kgs were sold at ₹30 per kg, the expenses being godown rent ₹2,000, advertisement ₹2,500 and salesman's salary ₹5,000.

Anitha is entitled to a commission of 4% including 1% delcredere. A customer who had purchased 1000kgs was unable to pay 20% of the amount due from him. Anitha reported a loss of 100kgs due to leakage. Assuming that Anitha paid the amount due by draft.

Prepare necessary accounts in the books of both the parties.

4. Mohan and Sathish carrying business separately as contractors jointly take up the work of constructing a building at an agreed price of ₹5,00,000, payable in cash ₹4,00,000 and in fully paid shares of the company ₹1,00,000. A bank account is opened in which Mohan and Sathish paid in ₹1,25,000 and ₹75,000 respectively.

The following costs were incurred in completing the construction and contract price was duly realized.

- a) Materials purchased for cash ₹3,50,000
- b) Materials supplied by Mohan from his stock ₹45,000
- c) Wages paid ₹1,40,000
- d) Consulting engineer's fees paid by Sathish ₹10,000.

The accounts were closed, Mohan taking up all the shares of the company at an agreed valuation of 80,000 and Sathish taking the remaining stock of materials at ₹15,000.

Prepare the Joint Venture Account, Joint Bank Account and Personal Accounts of Mohan and Sathish assuming that the net result of the venture is shared by Mohan and Sathish in the ratio of 2:1.

## SECTION – B

**Answer any three questions:**

**3x5=15**

5. From the following information, find out the total sales.

Balance as on 1 <sup>st</sup> Jan 2013: Debtors	90,000
Bills Receivable	29,000
Cash received from debtors	72,000
Bills receivable encashed during 2013	60,000
Bad debts written off	1,200
Returns inwards	2,000
Return outwards	1,000
Bills receivable dishonoured	6,000
Cash sales	10 000

Balance as on 31 <sup>st</sup> Dec 2013: Debtors	27,200
Bills Receivable	68,000

6. Fire occurred in the premises of Unlucky Ltd. on 10<sup>th</sup> Sept 2012. All stocks were destroyed except to the extent of `62,000. From the following figures ascertain the insurance claim.

Stock on 1 <sup>st</sup> Jan 2011	3,60,000
Purchases during 2011	14,00,000
Sales during 2011	20,00,000
Stock on 31 <sup>st</sup> Dec 2011	2,25,000
Purchases during 2012 up to the date of fire	14,60,000
Sales during 2012 up to the date of fire	16,00,000

Amount of the policy `3,00,000 and is subject to average clause.

7. Pandey purchased a vehicle from Moped Ltd on instalment system on 1-1-2011 payable 10,000 down and the balance as under:

`13,000 at the end of first year

`12,000 at the end of second year

`11,000 at the end of third year

Interest is charged at 10%p.a. and is included in the above instalments.

Calculate the cash price of the vehicle.

8. Lion sent 100 bicycles costing `2,000 each to Tiger to be sold at his risk. Tiger was to get a commission at 6% on bicycles sold.

Lion paid `4,000 towards freight and insurance. Tiger took delivery of consignment by paying `1,000 for carriage and unloading and `2,000 for godown rent.

Tiger sold 50 bicycles at `2,250 each for cash and 50 bicycles on credit at `2,400 each.

Tiger settled his account with Lion.

Prepare consignment account in Lion's Book.

### SECTION – C

**Answer all the questions:**

**5x1=5**

9. What is Del credere commission?

10. Calculate the fire claim from the following details with the application of the average clause:

Stock worth `60,000 is insured for `40,000 and the actual loss of stock by fire amounts `30,000.

11. State any two differences between hire purchase and instalment system.

12. What is joint venture? Give an example.

13. Find out the closing stock from the following:

Opening stock `40,000

Purchases `62,000

Sales `98,000

20% Gross Profit on Cost.

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CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION

APRIL 2015

COMMERCE

FINANCIAL ACCOUNTING - II

Time: 3 Hrs

Max. Marks: 100

SECTION – A

Answer any THREE questions:

3×20=60

1. X Ltd purchased 7 trucks on hire purchase system on 1-1-2005. The cash price of each truck was `50,000 and he was to pay 20% of the cash price at the time of delivery and balance on four yearly instalments with interest of 5% per annum.

On X's failure to pay the instalment due on 31-12-2007 it was agreed that X would return 3 trucks to the vendor and remaining 4 would be retained by him.

The vendor agreed to allow him a credit for the amount paid against these trucks charging depreciation at 30% p.a. on written down value method.

Vendor spent `5,000 for repairs and sold the trucks for `75,000. Prepare necessary ledger accounts upto 31-12-2007 assuming that X ltd charge depreciation at 20% p.a. on diminishing balance method.

2. Manju does not maintain proper books of accounts.

From the following information prepare Trading & Profit & Loss A/c for the year ended 31-12-2014 and a Balance Sheet as on that date.

Assets & Liabilities	31-12-2013	31-12-2014
Debtors	9000	12500
Stock	4900	6600
Furniture	500	750
Creditors	3000	2250

Analysis of other Transactions are:-

Cash paid to debtors	30,400	750
Cash paid to creditors	22,000	2,500
Salaries	6,000	350
Rent	750	150
Office expenses	90	500
Drawings	1,500	400
Fresh capital introduced	1000	100

He had `2,500 cash at the beginning of the year charge interest on capital at 6% p.a.

3. Kamadenu Ltd. Hubli consigned 10,000 kgs of ghee to Annapoorna Hotels Udupi at a cost of 20 per kg on 1-4-2010. Kamadenu Ltd paid `5,000 towards freight and insurance. During transit 250 kgs of ghee were accidentally destroyed for which the insurance company paid directly to the consignor `4,500 in full settlement of the claim?

Annapoorna Hotels took delivery of the consignment on 10-4-2010.

On 30-6-2010 Annapoorna reported that 7500 kgs who sold at `30 per kg. The expenses were godown rent `2,000 advertisement `2500 and salesman's salary `5,000. Annapoorna is entitled to a commission of 4% including 1% declared. A customer who had purchased 1000 kg was able to pay only 80% of the amount due from him. Annapoorna reported a loss of 100 kg to leakage assuming that Annapoorna hotels paid the amount due by draft, prepare necessary ledger accounts in the books of both the parties.

4. Harish and Joseph jointly undertook to construct a building for XYZ company at a price of `2,50,000. The price was paid as follows:

`2,00,000 in cash and the balance in shares of the company profits were to be divided equally. They contributed cash as follows: Harish `30,000, Joseph `45,000. These amounts were credited to a joint bank account. Harish prepared the plans and paid `3,500 for them. Joseph bought a truck for `37,000. They bought plant for `15,000 materials for `1,20,000 and paid wages `1,05,000.

When the contract was completed Harish took over unused materials for `10,000 and Joseph took back the trucks for `29,000. The plant was sold for `6,000. When the contract price was received Harish took over the shares for `40,000. All the accounts were closed.

Show Joint Venture A/c, Harish and Joseph's A/c and Joint Bank A/c.

### SECTION – B

**Answer any three questions:**

**3×5=**

5. Akash acquired a car on 1-1-2007 on instalment basis costing `36,000. The terms of payment are as follows:-  
`6,000 on signing the agreement and the balance in two yearly instalments of `18,000 each over two years. Prepare Vendors A/c in the books of Akash.
6. A fire broke out in the warehouse of Twinkle Traders on 30-9-2010. The traders wish to file a claim with in insurance company for the loss of stock.  
Prepare a statement showing amount to be claimed.  
Following information is made available to you:-

Sundry debtors on 31-12-2009	40,000
Cash received from debtors from 1-1-2010 to 30-9-2009	30,000
Sundry debtors on 30-9-2010	30,000
Stock on 31-12-2009	15,000
Purchases from 1-1-2010 to 30-9-2010	1,25,000

Rate of gross profit on cost is 25%

7. From the following data find out credit sales by preparing total debtors account:

Opening debtors	40,000	Bad debts	5,000
Cash received from debtors	3,60,000	Sales returns	4,000
Cheques received from debtors	50,000	B/R dishonoured	1,000
B/R received during year	10,000	Provision for doubtful debts	500
B/R honoured during the year	5,000	Closing debtors	48,000
Cheques from debtors dishonoured	1,000		

8. A sent 100 bicycles costing `2,000 each to B to be sold at his risk. B was to get a commission at 6% on bicycle sold. A paid `4,000 towards freight and insurance. B took delivery of consignment by paying `1,000 for carriage `2,000 for salesmen's salary. B sold 50 bicycle at `2,250 each for cash and 30 bicycle on credit for `2,400 each B settled his account with A. Prepare consignment account in A's books.

### SECTION – C

**Answer all the questions:**

**5×1=**

9. What is an account sales?
  
10. Give two differences between Hire Purchase System and Instalment System.
  
11. Find the value of purchases from the following:-  
Total sales `1,40,400  
Rate of gross profit is 25% on sales  
Opening stock `20,000, closing stock `25,000
  
12. Find the amount of fire claim applying average  
Sum insured `40,000  
Total insurable stock `51,700  
Actual loss of stock `41,360  
Stock salvaged `2,200
  
13. Give two differences between partnership and joint venture.

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**CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2016**  
**COMMERCE**  
**FINANCIAL ACCOUNTING - II**

Time: 3 Hrs.

Max. Marks: 80

## SECTION – A

Answer any **THREE** questions:

3×20=60

1. Raina keeps his books on single entry. He gives you the following information:

	Dec 31, 2014 ₹	Dec 31, 2015 ₹
Furniture and Fittings	5,000	6,000
Stock of goods	3,000	1,000
Sundry debtors	6,000	7,000
Sundry creditors	2,000	Nil
Prepaid expenses	Nil	200
Unpaid expenses	600	1,000
Cash in hand	1,100	300

Receipts and Payment during the year:

	₹
Receipts from Debtors	21,000
Paid to creditors	10,000
Cartage on purchases	2,000
Drawings	12,000
Sundry expenses	16,000
Furniture purchased for cash	1,000

Prepare a Trading and Profit and Loss Account for the year ended December 31, 2015 and a Balance Sheet after providing for Bad Debts at 10%.

2. Atlas Cycle Company Mysore forwarded on 1.7.2010 100 bicycles to Raja Cycle Mart, Mangalore to be sold on consignment basis. The cost of one cycle was ₹450 but the invoice price was ₹600. Atlas Cycle Company incurred ₹3,000 towards freight and insurance. Raja Cycle Mart gave an acceptance for ₹30,000 in favour of Atlas Cycle Co., the acceptance was for 3 months. Atlas Cycle discounted the bill at 10%p.a. Two cycles were destroyed in transit and an amount of ₹600 was received by the consignor from the insurance company. Raja Cycle Mart had spent ₹1,200 as rent and ₹750 as insurance and sold 80 bicycles at ₹615 each. The consignee is entitled to a commission of 5% on sales including a del credere commission of 1%. Raja Cycle Mart were not able to recover sales proceeds of 5 bicycles because of insolvency of a debtor.

Prepare Consignment A/c, Raja Cycle Mart, Mangalore A/c, and Abnormal Loss A/c in the books of Atlas Company Mysore; and Atlas Company Mysore A/c and Commission A/c in the books of Raj Cycle Mart Mangalore.

3. The United Traders purchased 5 Trucks on hire purchase system on 1-1-2008 from Bharath Ltd. The cash price for each truck being ₹2,00,000. The price was payable in 5 instalments of ₹44,000 per truck every year. The first being paid on signing the contract and the instalments included interest charged at 5%p.a. The United Traders decided to provide depreciation at 10%p.a. on diminishing balance method. It paid the instalment due at the end of the first year but could not pay the next.



Give necessary ledger accounts in the books of both the parties for two years if Bharath Ltd., agreed to leave 3 trucks with the hire purchaser adjusting the value of other two trucks against the amount due. The trucks were valued by Bharath Ltd. on the basis of 20% depreciation on diminishing balance method. The hire vendor spent ₹16,000 on repairs and sold them for ₹3,52,000.

4. Adarsh and Bharath doing business separately as building contractors, undertake jointly to construct a building for a new joint stock company for a contract price of ₹10,00,000 payable as to ₹8,00,000 by instalments in cash and ₹2,00,000 in fully paid shares of the company. A bank account is opened in their joint names, Adarsh paying in ₹2,50,000 and Bharath ₹1,50,000. They are sharing the profit or loss in the proportion of  $\frac{2}{3}$  and  $\frac{1}{3}$  respectively. Their transactions were as follows:

	₹
Paid wages	3,30,000
Bought materials	6,70,000
Materials supplied by Adarsh	45,000
Materials supplied by Bharath	24,000
Architect's fees paid by Adarsh	20,000

The contract was completed and the price duly received. The joint venture was closed by Adarsh taking up all the shares of the company at an agreed valuation of ₹1,70,000 and Bharath taking up the stock of materials at an agreed valuation of ₹17,000.

Write up necessary accounts dealing with these transactions and close them.

#### SECTION – B

Answer any **THREE** questions:

3×5=15

5. Write any five differences between hire purchase and instalment system.
6. On 15<sup>th</sup> May 2011, the godown of Unlucky Company Ltd., was destroyed by fire. The records of company revealed the following:

	₹
Stock on 1.1.2010	76,500
Stock on 31.12.2010	81,900
Purchases during 2010	3,10,000
Sales during 2010	4,00,000
Purchases from 1 <sup>st</sup> January 2011 to the date of fire	75,000
Sales from 1 <sup>st</sup> January 2011 to the date of fire	1,00,000

It was the practice of the company to value stock at 10% less than cost price. Stock salvaged was ₹6,000. The policy was 50,000 and subject to average clause. Calculate the claim for the Loss of stock.

7. From the following particulars, find out the credit sales and credit purchases for the year ended 31<sup>st</sup> March 2010.

	₹
Total debtors on 1 <sup>st</sup> April 2009	14,750
Total creditors on 1 <sup>st</sup> April 2009	8,970
Cash received during the year from Sundry Debtors	57,450
Discount allowed during the year	580
Bad debts written off	850
Returns inward	1,150
Bills received from customers	9,600
Cash paid to sundry creditors	29,780
Discount received from them	430

Returns to suppliers	520
Bills issued to creditors	6,400
Total debtors on March 31, 2010	13,890
Total creditors on March 31, 2010	9,450

8. Lion sent 100 bicycles costing ₹2,000 each to Tiger to be sold at his risk. Tiger was to get a commission at 6% on bicycles sold. Lion paid ₹4,000 towards freight and insurance. Tiger took delivery of consignment by paying ₹1,000 for carriage and unloading; and ₹2,000 for salesmen's salaries, godown rent, etc. Tiger sold 50 bicycles at ₹2,250 each for cash and 50 bicycles on credit at ₹2,400 each. Tiger settled his account with Lion. Prepare consignment account in Lion's books.

#### SECTION – C

Answer **ALL** the questions:

5×1=5

9. State any two differences between Joint Venture and Partnership.

10. Calculate the credit sales from the following information:

	₹
Balance of Debtors as on 1 <sup>st</sup> January 2015	30,800
Cash received from Debtors	70,000
Bad debts written off	2,800
Returns inward	3,500
Balance of debtors as on 31 <sup>st</sup> December 2015	28,500

11. What is an 'account sales'?
12. Mr. Anand purchased a motor car on hire purchase system. As per the terms he is required to pay ₹2,000 down, ₹4,800 at the end of first year, ₹2,400 at the end of second year and ₹2,200 at the end of third year. Interest is charged at 10% per annum. Calculate the total cash price of motor car.
13. A fire occurred on the premises of Sun Ltd., on 15<sup>th</sup> November, 2011. From the following information, prepare a statement of the claim on the insurance company:

	₹
Sales from 1.1.2011 to the date of fire	2,56,000
Stock on 31 <sup>st</sup> December 2010	47,200
Purchases from 1.1.2011 to the date of fire	1,68,000
Stock salvaged	5,000
Gross profit on sales is 35%	

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