

3599A – A21 – C – F – 21



FIRST SEMESTER B.COM. DEGREE EXAMINATION, FEBRUARY 2021
Paper – I : FINANCIAL ACCOUNTING – I
(CBCS)

Time : 3 Hours]

[Max. Marks : 80

Instructions : 1) Answer all Sections according to internal choice.
2) Use of simple and non-programmable calculator is allowed.

SECTION – A

1. Answer any ten of the following questions : (10×2=20)
- a) Who is insolvent partner ?
 - b) Under what circumstances do you apply "decision in Garner v/s Murry" ?
 - c) Why do you prepare Total Debtors Account ?
 - d) What is Joint Venture ?
 - e) Mention the methods of piecemeal distribution of cash.
 - f) What is minimum rent ?
 - g) What is Royalty ?
 - h) State any two objectives of conversion of partnership in to a limited company.
 - i) Who is co-venturer ?
 - j) What is statement of affairs ?
 - k) What is purchase consideration ?
 - l) What is short working ?

SECTION – B

Answer any three of the following. Each question carries 5 marks : (5×3=15)

2. Distinguish between partnership firm and joint venture.

[P.T.O.]



3. X, Y and Z were three partners who divided the profits and losses equally. On the dissolution of their firm the Balance Sheet stood as under :

Liabilities	₹	Assets	₹
Capitals :		Cash	75,000
X	90,000	Profit and loss A/c	18,000
Y	15,000	Z's capital	30,000
Reserve Fund	48,000	Realisation loss	30,000
	1,53,000		1,53,000

Z become insolvent. Calculate capital ratio of solvent partner.

4. Kottureshwar Co. Ltd. was formed to take over the business of partnership firm in consideration of the following :
- To issue 20,000 equity shares of the face value of ₹ 200 each.
 - To issue 10,000, 9% debentures of ₹ 20 each.
 - To pay cash ₹ 6,00,000.

Find out purchase consideration.

5. Find out the credit purchase from the following information provided by Mr. Kotresh.

	₹
Creditors 01-01-2020	1,20,000
Creditors 31-12-2020	80,000
Cash paid to creditors	6,00,000
Return outward (goods)	20,000
Bills payable accepted	2,04,000
Discount received	20,000
Bills payable dishonoured	4,000

6. Nandita Pvt. Ltd. has taken on lease of a mine on royalty of 25 paise per tonne of iron ore raised with minimum rent of ₹ 10,000 p.a. with power to recoup the short workings during next two years of the occurrence. The output was as under :
- 31-12-2017 – 10,000 tonnes
 31-12-2018 – 24,000 tonnes
 31-12-2019 – 40,000 tonnes
 31-12-2020 – 90,000 tonnes
- Prepare Royalty Chart.

SECTION – C

Question 11 is compulsory. Answer any two of the remaining. Each question carries 15 marks : (3×15=45)

7. Explain steps for conversion of single entry in to double entry system.
8. Harish and Girish were partners sharing profits and losses in the ratio of 2 : 1. Their Balance Sheet as on 31-03-2020 was as follows :

Liabilities		₹	Assets		₹
Capitals :			Cash		5,150
Harish	15,000		Bills Receivable		2,500
Girish	<u>10,000</u>	25,000	Debtors		28,500
Creditors		20,000	Stock		21,850
Bank Overdraft		10,000	Machinery		10,000
Reserves		3,000			
Girish's Loan		10,000			
		68,000			68,000

On the above date the company agreed to take over the following assets at the value shown below :

Machinery ₹ 8,000, stock ₹ 17,500, debtors ₹ 25,350 Bill Receivable ₹ 2,500 and goodwill ₹ 3,000.

The company took over creditors at ₹ 19,500. The expenses of realisation amounted to ₹ 150. The company paid the purchase consideration by allotment of 2,000 equity share of ₹ 10 each fully paid and the balance in cash.

Prepare necessary ledger accounts in the books of the firm.

9. Sri Ganesh of Gadag purchased goods of the value of ₹ 54,000 and sent them to Shri Basavaraj of Bijapur to be sold by him on joint venture, profit being divided in the ratio of 2 : 1. He also paid freight of ₹ 1,200 and insurance of ₹ 800 and drew a bill on Basavaraj for ₹ 20,000. The bill was discounted by Ganesh for ₹ 19,600. Basavaraj paid ₹ 200 for Octroi and carriage and ₹ 500 for godown rent. Basavaraj sold all the goods for ₹ 80,000 incurring sales expenses of ₹ 900 on the joint venture. Basavaraj sent a cheque for the balance due to Ganesh after charging his commission at 5% on the goods sales.

Prepare the necessary accounts in the books of both parties.



10. Allamaprabhu, Basavanna, Channabasavanna were partners in a firm. They dissolved the firm on 01-01-2020 when their Balance Sheet was as follows :

Liabilities		₹	Assets	₹
Capitals :			Cash	40,000
Allamaprabhu	70,000		Sundry Assets	2,80,000
Basavanna	50,000			
Channabasavanna	30,000	1,50,000		
Creditors		60,000		
Bank Loan		20,000		
Allamaprabhu's Loan		40,000		
Basavanna's Loan		20,000		
Reserve Fund		30,000		
		3,20,000		3,20,000

Assets realised as follows :

	₹
15-01-2020	70,000
31-01-2020	90,000
05-02-2020	1,14,000

Prepare piecemeal distribution statement.

Case Study (Compulsory) :

11. Roopa & Co. Ltd. leased a land from Deepa at a royalty of 25 paise per tonne of coal raised. Minimum rent was ₹ 24,000. The short workings to be recouped during the first four years. The coal raised in the first four years was as under :

Year	Tonnes
2017	10,000
2018	90,000
2019	60,000 (strike for 3 months)
2020	1,20,000

Prepare the Royalty Chart and Royalty Account and answer the following questions :

- What is the effect of strike on minimum rent ?
- How do you treat Irrecoverable short workings ?