

END OF SEMESTER EXAMINATIONS, NOVEMBER - 2017
BUSINESS ACCOUNTS
SUBJECT CODE: 16UACO09

MAJOR: B.Com.
TIME : 3 HOURS

SEMESTER : III
MAX. MARKS: 75

SECTION - A (10 X 1 = 10)

Answer ALL the Questions:

1. What is a statement of affairs?
2. What do you mean by drawings?
3. Define Minimum rent.
4. Explain the meaning of Recoupment.
5. What is Hire Purchase?
6. What do you understand by down payment?
7. What is Stock Reserve?
8. What does a Debtor System mean?
9. What is meant by an Average Clause?
10. Explain Indemnity Period.

SECTION - B (5 X 4 = 20)

Answer Any FIVE Questions:

11. Differentiate Balance Sheet from Statement of Affairs.
12. Mohan, a retail merchant commenced business with a capital of Rs.12,000 on 1.1.94. Subsequently on 1.5.94 he invested further capital of Rs.5,000. During the year, he has withdrawn Rs.2,000 for his personal use. On 31.12.94, his assets and liabilities were as follows:

Particulars	Rs.
Cash at Bank	3,000
Debtors	4,000
Stock	16,000
Furniture	2,000
Creditors	5,000

Calculate the Profit or Loss made during the year 1994.

13. Bring out the significance of Departmental Accounting.
14. Ravi took a colliery on lease. The dead rent was Rs.750 a year, merging into a royalty of 35 paise per tone of coal raised with the right to recover shortworkings out of royalties of two subsequent years for the period in which the shortworkings arose. The output raised for five years were: 1st Year: 1000 tonnes, 2nd Year: 1500 tonnes, 3rd Year: 2500 tonnes, 4th Year: 1500 tonnes and 5th Year: 1000 tonnes respectively. Prepare Short working accounts.

15. On 1.1.86, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing the contract) and Rs.4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest is 5%. Calculate the interest in each year's installment.
16. Sundar sells goods on Hire Purchase system at cost plus 60%. From the following prepare Hire-Purchase Trading A/c.

Date	Particulars	Rs.
Jan 01	Goods out on H.P. system at H.P. Price	32,000
Jan 31	Installments not due and unpaid	72,000
	Installments due and unpaid	4,000

The following transactions took place during the year:

Particulars	Rs.
Goods sold on H.P. Price	1,60,000
Cash received from customers at H.P. Price	1,12,000
Goods received back on default valued at (Installment due Rs.4,000)	800

17. Distinguish Departments and branch account.
18. A fire occurred at the premises of a trader on 31.5.94 destroying a great part of his goods. His stock at 1.1.94 was Rs.60,000. The value of stock salvaged was Rs.13,500. The gross profit on sales was 30% and sales amounted to Rs.1,53,000 from January to date of fire, while for the same period the purchases amounted to Rs.1,03,500. Prepare a statement of claim.

SECTION – C (3 X 15 = 45)

Answer Any THREE Questions:

19. What is Single Entry System? Distinguish Double Entry from Single Entry?
20. A company leased a colliery on 1.1.92 at a minimum rent of Rs.20,000 merging into a royalty of Rs.1.50 per tonne with power to recoup shortworking over the first four years of the lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000 tonnes and 20,000 tonnes respectively. Give ledger accounts for four years in the books of lessee and lessor.
21. Explain the features of Hire Purchase System. Also discuss how Hire Purchase differ from installment system.
22. A firm had two departments, cloth and readymade garments. The garments were made by the firm itself out of cloth supplied by the cloth department at its usual selling price. From the following figures, prepare departmental trading and profit and loss account for the year ended 31.3.94.

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Particulars	Cloth department Rs.	Readymade department Rs.
Opening stock on 1.4.93	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments department	3,00,000	-
Expenses – Manufacturing	-	60,000
– Selling	20,000	6,000
Stock on 31.3.94	2,00,000	60,000

The stock in the readymade garments department may be considered as consisting of 75% cloth and 25% other expenses. The cloth department earned a gross profit @ 15% in 1992-93. General expenses of the business as a whole came to Rs.1,10,000.

23. A fire occurred in the business premises of Raghavan on 19.7.89. From the following particulars ascertain the loss of stock and prepare a claim for insurance.

Particulars	Rs.
Stock on 1.1.88	36,720
Stock on 31.12.88	32,400
Sales for 1988	2,16,000
Purchases for 1988	1,46,400
Purchases from 1.1.89 to 19.7.89	1,76,400
Sales from 1.1.89 to 19.7.89	1,80,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.21,600. The amount of the policy was Rs.75,600. There was an average clause in the policy.
