

Saintgits College of Applied Sciences

Department of Commerce

Financial Accounting I

Section A

Module I- Financial Accounting

1. "Accounting is considered as a means of communication". Comment on it.
2. Define Accounting.
3. What is a suspense Account ?
4. What are financial statements?
5. Why is closing stock given as an adjustment item in the final account?
6. What is loss of stock by fire
7. What are outstanding expenses and give its accounting treatment ?
8. What is the accounting treatment when goods are distributed as free samples?
9. What do you mean by sale on return basis or approval basis?
10. How will you calculate provision for discount on debtors when bad debt and provision for bad and doubtful debts given in adjustment? Show its accounting treatment.

Module II- Incomplete Records

11. What is a single entry system?
12. Why is the debtor's account prepared?
13. What do you mean by capital comparison method?
14. What is a statement of affairs?
15. What is the final statement of affairs?

16. List out the limitations of a single entry system.
17. Opening capital ₹ 1,00,000 closing capital ₹ 1,20,000 , profit ₹ 40,000 find out drawings.

Module III- Royalty Accounts

18. What is Royalty ?
19. What is dead rent ?
20. What is Short working ?
21. What is recoupment of short working ?
22. Who is a Lessor ?
23. Who is a Lessee ?
24. What is ground rent ?

Module IV- Consignment Accounts

25. What is a consignment account?
26. What do you mean by account sales?
27. What are the commissions applicable in consignment business?
28. How will you calculate value of stock on consignment
29. What is non recurring expenditure?
30. Explain del Credere commission?
31. Explain Overriding commission?

Module V- Farm Accounts

32. Why are wages paid in kind shown in the debit side and the credit side of the farm account ?
33. Give accounting treatment for crops taken by the proprietor for the personal use
34. What are the items shown in the debit side of the poultry account?
35. What are the reasons for non non-popularity of Farm Accounting in india?
36. What are the basic features of Farm Accounting?

Section B

Module I- Financial Accounting

37. Give the accounting treatment with suitable example when bad debt is given
- a. In trial balance
 - b. In adjustment
 - c. In trial balance and adjustment
38. Give the accounting treatment for loss of stock by fire with your own example
39. Explain Financial Accounting. What are the objectives of financial accounting ?
40. Explain the various financial statements.
41. Distinguish between Capital and revenue expenditure.
42. Draw the vertical format of the balance sheet with imaginary figures.
43. From the following information, prepare trading a/c for the year ended 31 March 2018.
- Adjusted purchase - 1100000
 Sales - 1250000
 Carriage Inwards - 6000
 Wages - 14000
 Carriage Outwards - 5000
 Closing stock - 100000
44. Explain the treatment of Accrued Income, Interest on capital, Loss of stock by fire and Bad debts in the final accounts.
45. The following is the extract from the Trial balance of Mr. X as on 31.12.2017

	Dr	Cr
Bad Debts	4000	
Sundry debtors	150000	
Provision for bad debt		6000

It is decided to maintain a provision of 5% on debtors for bad and doubtful debts. Prepare bad debt a/c and provision for bad debt a/c. Also show the relevant entries in P & L a/c and Balance sheet.

Module II-- incomplete Records

46. What are the limitations of Incomplete records?
47. What are the advantages of Incomplete records ?
48. Distinguish between double entry and single entry system .
49. Distinguish between Statement of affairs and Balance sheet.
50. Explain the procedure of calculating profit by Statement of Affairs method.
51. Explain the various steps of converting a single entry to double entry system.
52. From the following information, ascertain the amount of profit earned by Mr.Varma during the year 2017.

Capital on 1.12017 - 80000

Capital on 31.12.2017 - 90000

Drawings during 2017 - 5000

Further capital introduced during 2017 - 3000
53. Mr. Shelly keeps books under single entry system and the information is as follows :

	1/1/2018	31/12/2018
Stock	18700	23400
Debtors	12000	14000
Creditors	9000	1500
Bills Receivable	4000	5000

Bills payable	1000	200
Furniture	600	600
Buildings	12000	12000
Bank balance	4350	3350

You are also given the following information

1. 1450/- is required for provision of bad debt.
2. Depreciation of 5 % on building and furniture.
3. Salary outstanding 4900/-
4. Insurance prepaid 250/-
5. Drawings 7520/-

Find out the profit or loss of Shelly and also prepare his final statement of affairs

Module III - Royalty Accounts.

54. What are the different types of Royalty ?
55. Distinguish between Rent & Royalty.
56. What are the types of Recoupment of Short workings? Explain with suitable examples.
57. What is Royalty suspense ?
58. How will you treat cash subsidy in royalty accounts ?
59. On 1st Jan 2012 Ramlal company took on lease a coal field from Coal syndicate on a royalty of 10/- per tonne of coal raised with a minimum rent of 30000/- per annum. The following were the results of working for the first 4 years.

Year	Production (in tonnes)
2012	2000
2013	2500
2014	3500
2015	4000

Give journal entries and ledger accounts in the books of Ramalal company and coal syndicate, assuming that there is no provision to recoup short workings.

60. X Ltd took a mine on lease from Y Ltd on a royalty of 1 /- per tonne with a minimum rent of 10000 /- p. a. Each year's excess of minimum rent over royalty was recoverable out of the royalties of the next year only. In the event of strike and minimum rental not being reached, it was provided that the actual royalties earned for the year would discharge all rental obligations of the year.

The Results of working were as follows :

Year	Output (tonnes)
2014	5000
2015	12000
2016	8000 (strike)
2017	9000

Module IV

61. Give the accounting treatment for when
- Deredere commission given to consignor
 - No delcredere commission is given
62. What is normal loss and abnormal loss ? give accounting treatment for the same.
63. Distinguish between account sales and proforma invoice
64. What do you mean by consignment ? What are its features ?
65. Distinguish between sales and consignment.
66. How is the stock of goods unsold lying with the consignee valued while closing the books of accounts ?
67. Why do consignors send goods at loaded price ? What are the adjusting entries ?
68. Raveendra traders of Mumbai consigned to Akex of Cochin 100 locks of 400/- each. The consignors paid freight and insurance of 1600/-. Alex

remitted an advance of 5000/- to the consignors. Later, Alex sent an account sales stating all the locks were sold for 47000/-. He paid carriage and cartage of 1200/- and commission there on being 1800/-. Alex sent a bank draft for the balance due by him on the consignment. Pass journal entries and prepare the accounts of both the parties.

69. X Ltd of Salem sent 1000 kg of oil at 130 per kg to Y Ltd . The consignor paid 7500 /- on cartage and insurance. During transit, due to leakage 50 kg of oil were spoiled which was normal. Y Ltd took delivery of the consignment and spent 5000/- on octroi and cartage. The selling expenses were 4000/- . 800 kg of oil were sold at 170/- per kg. The consignee is to get a commission of 10 % on gross sales. Determine the value of stock. Prepare a consignment account.

Module V- Farm Accounts

70. What is a farm account? What are its objectives? Give accounting treatment for,
- Wages paid in kind
 - Drawings by proprietor in the form of crop
71. What are the objectives of farm accounting?
72. From the following information prepare cattle accounts and ascertain profit from cattle division.

Particulars	Number	Value
Opening stock of live stock	100	2,00,000
Closing stock of live stock	118	2,42,000
Opening stock of cattle food	----	4,000
Closing stock of cattle food	----	6,000
Purchases of cattle	180	3,65,000
Sale of cattle	170	4,60,000
Purchase of cattle food	---	40,000
Sale of carcasses	5	1,000
Wages	----	10,000

Crop worth ₹ 12,000 grown in the farm was used for feeding the cattle. Out of the calves born, 4died and their carcasses realised ₹ 200.

Section C

Module I- Financial Accounting

73. Write a note on accounting standards. Also narrate the concepts and conventions of accounting.

74. The following balances have been extracted from the books of Anju Stores as on 31st December 2018.

Particulars	Dr.	Cr.
Capital		1,00,000
Goodwill	11,000	
Cash in hand	4,000	
Opening stock	44,000	
Purchase	1,70,000	
Investment	10,000	
Furniture	30,000	
Bad debts	6,000	
Provision for bad debts		7,000
Salaries	30,000	
Carriage in	10,000	
Rent	19,000	
Debtors and Creditors	90,000	50,000
Sales		2,80,000
Printing and stationery	6,000	
General expense	7,000	
	4,37,000	4,37,000

Adjustments:

1. Closing stock ₹ 47,000
 2. Depreciate furniture by 10%
 3. Reduce provision for bad debts to ₹2,000
 4. Goods costing ₹2,000 were lost fire on 30th December ,2018 for which nothing is recoverable from the insurance company.
 5. Manager is entitled to get a commission of 10% of net profit.
 6. It is found that the opening stock is overcast by 10%
- Prepare final Accounts.

74. Salini stores has extracted the following balances from its books as on 30th june 2019:

Particulars	Dr.	Cr.
Petty cash balance	900	
Bills receivable	6,000	
Machinery	40,000	
Bank	8,000	
Opening stock	40,000	
Salaries	11,000	
Debtors and Creditors	50,000	80,000
Manufacturing wages	40,000	
Carriage and Duty	12,000	
Capital		90,000
Rent and insurance	12,000	
Power	8,000	
Factory lighting	4,000	
Office lighting	5,000	
Purchases	2,05,000	
Sales		3,00,000
Discount	8,100	
Drawings	20,000	
	4,70,000	4,70,000

Additional information:

1. Stock on 30th June, 2019 is valued at ₹65,000
2. On 25th June 2019 stock value of ₹ 3,000 was lost by fire for which the insurance company admitted a claim of ₹2,400 only.
3. Manager is entitled to a commission of 5% on the net profit after charging such commission.
4. Salary is uniform throughout the year and that for June has not been paid.
5. Provide interest on capital at 5%

Prepare Trading and profit and loss account for the year ending 30th June 2019 and a balance sheet as on that date.

Module II- Incomplete records

75. Explain how single entry is converted to double entry?
76. Mr. Jain has not kept proper books of accounts. The following balances are placed before you from which you are asked to prepare Statement of Profit and loss for the year ended 31st December 2019 and a final statement of affairs as on that date.

Particulars	31.12.18	31.12.19
Cash in hand	1700	4600
Bank overdraft	3600	5000
Sundry Debtors	18000	32200
Stock in trade	26000	42450
Bills receivable	4500	5500
Bills payable	5200	5750
Sundry Creditors	12000	14000
Furniture	5600	6000
Land and Buildings	30000	30000
10% Bank loan(1.7.19)	-	15000

Drawings during the year amounted to ₹4,000. Furniture is to be depreciated at 10%. Of the debtors ₹200 is bad. Interest at the rate of 10% be provided on capital. ₹200 is to be charged on Mr. Unscientific for interest on drawings. 5% provision is required for doubtful debts. Insurance prepaid amounts to ₹100.

77. Mr. Loose keeps only incomplete records. His position on 1st January 2019 was follows:

Cash in hand ₹ 1850, sundry debtors ₹8500, Stock in trade ₹12500, Furniture ₹4000 and sundry creditors ₹10,000

His cash transactions for the year ended 31st december 2019 was following:

Cash sales ₹45000

Receipt from Debtors ₹56,000

Commission received ₹1500

Payment to creditors ₹41000

Cash purchase ₹32000

Wages paid ₹4300

Salaries paid ₹4600

Rent paid ₹ 2400

Business expenses paid ₹2600

On 31st December 2019 the trader had sundry debtors ₹16200, stock in trade ₹22000 and sundry creditors ₹11500, wages outstanding amounted to ₹400 and rent paid in advance amounted to ₹200, depreciation @10% is required on furniture. Prepare trading and profit and loss account for the year ended 31st December 2019 and balance sheet as on that date.

Module III- Royalty

78. A coal company took from Mr. DD on lease a coalfield for a period of 25 years from 1.1.2012, on a royalty of Rs. 5 per tonne of coal raised with a dead rent of Rs.20000 p.a. and power to recoup short workings during any year of the lease when there is excess of royalty over minimum rent. The annual output were as follows;

YEAR	OUTPUT(tonnes)
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2012	2000
2013	3000
2014	4000
2015	4500
2016	5000

Give journal entries in the books of Coal company and prepare the concerned ledger accounts.

79. Pooja minerals Ltd took a mine on lease for a period of 99 years from 1st January 2010 on the following terms.

- 1) Dead rent per year Rs.12000
- 2) Short workings can be recouped with in the next two years.
- 3) If there is an accident or strike minimum rent is to be reduced by 25% for that year.
- 4) Royalty is to be calculated at Rs. 5 per tonne.

Production were as follows;

Year	Production
2010	1400
2011	1800
2012	3000
2013	2200
2014	3000

There was a strike during 2013. Give ledger accounts in the books of pooja minerals ltd.

Module IV- Consignment account

80. What is loss of stock on consignment? Explain its accounting treatment with suitable examples.

81. New India Ltd. Noida, consigned 1000 fans at ₹1200 each to Bharat Electricals, Calicut. They paid freight ₹5000, Insurance ₹2500 and Carriage ₹500.

100 fans were totally destroyed in transit and the consignee took delivery of the remaining fans, paying octroi and clearing charges ₹8000, carriage ₹3000 and loading and unloading charge ₹1000. Bharat Electricals sold 600 fans @ ₹2000 each. Their selling expenses being ₹7000. The consignee charged 5% normal commission, 3% del credere commission and 2% overriding commission. Prepare accounts in the books of consignor and consignee.

Module V- Farm Accounts

82. Explain the features and objectives of farm accounting. Also prepare the proforma of crop account & poultry account.

83. From the following information, Prepare "Crop Account" to ascertain the profit made by the crop division:

Opening stock:

Wheat	₹.10,000
Seed	₹.8,000
Fertilizers	₹.6,000

Purchases:

Seed	₹.1,400
Fertilizers	₹.2,400
Wages Paid in Cash	₹.10,800
Wages paid in kind by giving wheat	₹.6,800
Sale of wheat	₹.85,500
Wheat consumed by the farmer	₹.4,800
Depreciation and repairs on farm machinery	₹.3,300

Closing stock:

Wheat	₹.9,500
Seed	₹.1,200
Fertilizers	₹.2,400

84. From the following trial balance extracted from the books of Mannuthi Agricultural Farm, prepare trading and P&L a/c for the year ended 31st March 2017 and a balance sheet as on that date

Particulars		Debit	Credit
Opening stock:			
Live stock	25,000		
Grains	5,000		
Vegetables	500	30,500	
Purchases:			
Live stock	3,000		
Seed & Fertilizers	1,200		
Cattle food	1,000	5,200	
Sundry debtors		3,000	
Wages		800	
Rent & insurance		400	
Repairs & maintenance		1,200	
Drawings		900	
Cash at bank		1,000	
Farm machinery		15,000	
Land & buildings		30,000	
Bullock & bullock driven equipments		12,000	
Sales:			
Live stock	6,000		
Grains	8,000		
Vegetables	3,000		
Dairy products	1,500		18,500
Sundry creditors			1,500
Mortgage loan			30,000
Capital			50,000
		1,00,000	1,00,000

Additional information

- Closing stock on 31.3.2017
Live stock ₹ 8,000

Grains ₹ 10,000
Vegetables ₹ 2,000
Dairy Products ₹ 2,000

2. Depreciate machinery by 10%
3. Vegetables worth ₹ 200 were consumed by the proprietor
4. Grains worth ₹ 500 were given to the labourers as part of their wages

85. From the information given below, prepare Wheat Crop A/c and Potato Crop A/c, for the year ended 31.12.2012

Opening Stock:	₹
Wheat	60,000
Potato	15,000
Purchases of seed:	
Wheat	15,000
Potato	10,000
Purchase of fertilizer for wheat	1,80,000
Purchase of fertilizer for potato	1,20,000
Wages paid in cash for wheat	2,20,000
Wages paid in cash for potato	1,60,000
Sale of wheat	5,20,000
Sale of potato	3,80,000
General Expenses:	
Wheat	25,000
Potato	15,000
Expense on Farm Machinery:	
Wheat	12,000

Potato	18,000
Closing stock:	
Wheat	45,000
Potato	20,000
Used in the family-wheat	32,000
Used in the family-potato	12,000
Wheat given to workers engaged in wheat crop	18,000
Wheat given to workers engaged in potato crop	12,000

86. From the following Trial Balance of Bellary Farms, Prepare Final accounts for the year ended 31 March 2017.

Particulars		Debit	Credit
Opening stock:			
Cattle	30000		
Paddy	15000		
Cattle Food	2000		
Fertilizers	4300	51300	
Purchases:			
Cattle	6000		
Seed	650		
Cattle Food	1200		
Fertilizers	3200	11050	
Crop Expenses : Labour	3900		
Direct Expenses	400	4300	
Cattle Expenses : Medicines	900		
Labour	3000		
Diary Expenses	1100	5000	
General Expenses		800	

Land		60000	
Land development cost for cultivation		10000	
Cash in hand		23000	
Sales : Dairy Products	18000		
Paddy	32500		
Cattle	7500		58000
Creditors			7450
5% Bank Loan			12000
Capital			95000
	172450		172450

Adjustments :

1. Closing Stock :

Cattle	: 33000
Paddy	: 2300
Cattle Food	: 800
Fertilizers	: 300

2. The Proprietor has taken the following items for his personal use out of farm output.

Diary Products	: 2000
Paddy	: 1000

3. Provide depreciation on farm machinery at 10% p.a

4. Interest on Bank Loan is outstanding.

