



DEPARTMENT OF COMMERCE
QUESTION BANK FOR B COM
FINANCIAL ACCOUNTING I

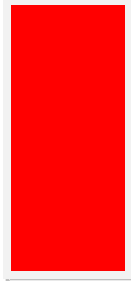
MODULE I - FINAL ACCOUNTS OF A SOLE TRADER
CO1- Illustrate financial statements of a sole proprietor. (Understand)

SECTION A

1. What are financial statements?
2. Explain AS-2
3. Illustrate why closing stock is given as an adjustment item in the final account?
4. Show the accounting treatment when bad debt is given in both trial balance and adjustment.
5. List any four direct expenses.
6. What is suspense Account?
7. Why closing stock is given as an adjustment item in the final account?
8. What is loss of stock by fire
9. 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
10. What is outstanding expenses and give its accounting treatment?

SECTION B

11. Classify financial statements
12. Outline Accounting concepts and principles
13. Narrate Accounting standards
14. Explain the accounting treatment with suitable example when bad debt is given
 - a. In trial balance
 - b. In adjustment
 - c. In trial balance and adjustment
15. Explain Financial Accounting. What are the objectives of financial accounting?
16. What do you mean by GAAP? What are the features of GAAP?
17. Outline the vertical format of balance sheet with imaginary figures.



18. 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

SECTION C

19. Show the gross profit, net profit and assets and liabilities position 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%

20. Infer the profitability and financial position from the following balances extracted from the ledger of Shri Meenakshi as on 31st December 2019

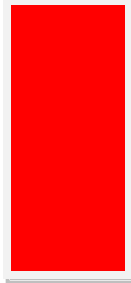
Particulars	Amount (₹)	Particulars	Amount (₹)
Meenakshi capital	20,000	Reserve discount on debtors	200
Drawings	3,500	Loan @ 9%	5,000
Buildings	10,000	Salaries	4,400
Machinery	2,500	Wages	7,500
Furniture & Fittings	600	Rent	2,750
Opening Stock	12,500	Travelling expenses	1,250
Motor Cycle	400	Postage, Telegram etc	135
Purchases	75,000	Rates & Taxes	90
Sales	1,25,000	Carriage inwards	2,500
Sales return	5,000	Carriage outwards	750
Duty paid on purchases	15,000	Interest paid	375
Sundry debtors	10,000	General charges	900
Sundry creditors	7,500	Bad debts	300
Reserve for bad and doubtful debts	400	Cash in hand	250
		Cash at bank	2,400

The following adjustments are necessary;

- Stock as on 31-12-2019 ₹ 14,000
- Outstanding salary ₹ 400, rent ₹ 250, wages ₹ 600 and interest outstanding
- Maintain the reserve for doubtful debts at 5% and reserve discount on debtors at 2.5%
- Provide depreciation for building 2.5 %, Machinery 10%, furniture 6%, Motor cycle 15%

21. Define accounting. And also narrate the concepts and conventions of accounting.

22. Define financial statements. What are the objectives of financial statements?



MODULE 2 - INCOMPLETE RECORDS

CO2- Examine the single-entry system. (Understand)

SECTION A

1. List out the limitations of single-entry system
2. Find out drawings if opening capital ₹ 1,50,000 closing capital ₹ 1,80,000, profit ₹ 60,000.
3. Illustrate why debtors account is prepared under single entry system.
4. Show the calculation of profit as per capital comparison method.
5. Show the relevance of statement of affairs.
6. What is single entry system?
7. Why creditors account is prepared?
8. What do you mean by capital comparison method?
9. Outline the features of single entry system
10. Show Total Debtors account with imaginary figures.

SECTION B

11. Contrast single entry from double entry
12. Difference between statement of affairs and single entry system.
13. Outline the steps to convert single entry system to double entry system.
14. Explain the procedure for calculating profit by statement of affairs method.
15. From the following information, ascertain the amount of profit earned by Mr.Varma during the year 2017.

Capital on 1.1. 2017 - 80000
Capital on 31.12.2017 - 90000
Drawings during 2017 - 5000
Further capital introduced during 2017 – 3000

16. Mr. Shelly keeps books under single entry system and the information is as follows:

Particulars	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

17. Distinguish between Statement of affairs and Balance sheet

18. What are the steps in preparing Trading and profit and loss account and Balance sheet from incomplete records?

SECTION C

19. Demonstrate the profitability and financial position as per conversion method of Mr.

Smart who 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 .

20. Show the profit or loss of Mr. Shelly and also prepare his final statement of affairs

He keeps books under single entry system and the information is as follows:

Particulars	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/-

21. 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.

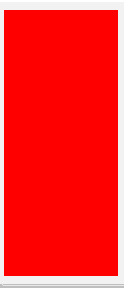
22. Mr. Loose keeps only incomplete records. His position on 1st January 2019 was follows:

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
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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 3 - MODULE III- ROYALTY ACCOUNTS

CO3- Illuminate the accounting treatment of royalty.(Understand)

SECTION A

1. What is Royalty?
2. What is dead rent?
3. What is Short working?
4. What is recoupment of short working?
5. Who is a Lessor?
6. Who is a Lessee?
7. What is ground rent?
8. What is minimum rent?
9. What is patent right royalty?
10. What is copy right royalty?

SECTION B

11. What are the different types of Royalty?
12. Distinguish between Rent & Royalty.
13. What are the types of Recoupment of Short workings? Explain with suitable examples.
14. What is Royalty suspense?
15. How will you treat cash subsidy in royalty accounts?
16. On 1st Jan 2012 Ramlal company took on lease a coal field from Coal syndicate on a royalty of 10/- per ton 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 tons)
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.

17. 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 obligation of the year.

The Results of working were as follows :

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

18. Distinguish between Restricted and Flexible recoupment.

SECTION C

19. 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)
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.

20. 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.

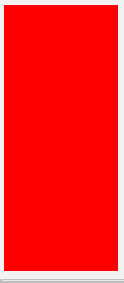
21. Define royalty. Explain the Journal entries in the books of Lessor in (1) When the royalties are equal to or greater than the minimum rent (2) When the royalties ate equal to or less than the minimum rent.
22. Explain the treatment of accounting treatment in the books of Lessee in all cases.

MODULE 4 - CONSIGNEMENT ACCOUNTS

CO4- Identify consignment problems. (Apply)

SECTION A

1. Contrast account sales from proforma invoice
2. Illustrate accounting treatment if delcredere commission is paid.
3. Narrate the significance of consignment account.
4. Show the calculation of stock on consignment.
5. Classify expenses on consignment.
6. What is del credere commission?
7. what is loading?
8. What is over riding commission?
9. Explain briefly the treatment of bad debts in consignment account.



10. How abnormal loss is treated in consignment account?

SECTION B

11. Explain the accounting treatment of loss of stock on consignment with suitable example.
12. 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% over riding commission. Identify the profit on consignment and balance due by Bharath Ltd
13. Compare sales and consignment
14. Distinguish between normal loss and abnormal loss in consignment
15. Why do consigners send goods at loaded price? What are the adjusting entries.
16. What do you mean by account sales? Give a specimen of it.
17. What do you mean by consignment? What are its features?
18. How is the stock of goods unsold lying with the consignee valued while closing the books of accounts?

SECTION C

19. 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. Illustrate journal entries and the accounts of both the parties.
20. 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

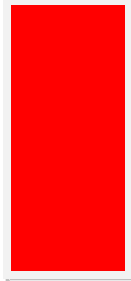
kg. The consignee is to get a commission of 10 % on gross sales. Determine the value of stock. Show consignment account.

21. On 1st January 2017 Eastern Ltd consigned to Janata traders 200 chests of curry powder invoiced at Rs.350 each. Eastern paid for packing Rs.1500, insurance Rs. 500 and freight Rs.300.
- Janata traders sold 180 chests at Rs. 500 each (150 on cash basis and 30 on credit basis) The expenses thereon being Rs. 1200. Their commission was 8% on sales. There was a bad debt of Rs.2000 in respect of the consignment sales. Janata traders remitted Rs. 60000 on account. Prepare important ledger accounts in the books of both parties.
22. Define consignment account. Also explain journal entries in the books of consignor under cost price method.

MODULE 5- - FARM ACCOUNTS
CO5- Solve problems in farm accounting (Apply)

SECTION A

1. Demonstrate accounting treatment for,
 - Wages paid in kind
 - Drawings by proprietor in the form of crop
2. Explain farm accounting.
3. Show why wages paid in kind is shown in the debit side and the credit side of the farm account?
4. List out the reasons for non-popularity of Farm Accounting in India?
5. Give accounting treatment for crops taken by the proprietor for the personal use
6. What are the items shown in the debit side of the poultry account?
7. What are the basic features of Farm Accounting?
8. Define farm accounting.
9. What are farm transactions?
10. What are the benefits of farm accounting?



SECTION B

11. Explain the objectives of farm accounting
12. From the following information, 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, 4 died and their carcasses realised ₹ 200.

13. Prepare crop account with imaginary figures.
14. How are the final accounts of a farmer prepared? Explain.
15. Explain the features of farm accounting.
16. Briefly explain the books to be maintained under farm accounting.
17. Compare the single entry and double entry methods of farm accounting.
18. How will you make a record of farm transactions.

SECTION C

19. Solve the following Trial Balance of Bellary Farms for the year ended 31 March 2017 to find the financial position

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.



20. Show the profit and loss account and Balance sheet for the year ended 31st March 2017 from the following trial balance extracted from the books of Mannuthi Agricultural Farm, prepare trading and P& L a/c 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

I. 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 laborers as part of their wages

21. Explain the features and objectives of farm accounting. Also prepare the proforma of crop account & poultry account.
22. 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 inCash	₹ 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