

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
NUVEM-GOA**

SEMESTER END EXAMINATION, AUGUST 2020

Semester: VI of T.Y.B.Com

Course name & Code: UCOD 121- Accounting Major VI: Accounting I

Total marks: 30 Date:06/08/2020 Duration: Two Hours Total No of pages: 6

Instructions: 1. Question 1 carries 10 marks. From Q1, attempt any 5 questions. Each question carries 2 marks.

2. Question 2 carries 20 marks. Attempt any 4 questions from Question No. 2. Each question carries 5 marks.

3. Prepare working notes wherever necessary,

Q1. Answer **any FIVE** questions from **Q1 a to Q1h**.

a. Sakina leases a mine to Shrehal Coal Ltd. The royalty per ton of production is ₹ 100 and the minimum rent is ₹ 5,00,000. The actual production is 3,000 tons. What is the royalty payable by Shrehal Coal Ltd. to Sakina? **2 marks**

b. Ashwiny Publishing Co. Ltd. published a book on behalf of Prof. Hema Ambani at a royalty of ₹ 5 per book sold and a minimum payment of ₹ 4,000 per year. In the event of a strike at the publishing company, it was decided that the **minimum payment is to be reduced to 60%**. There were 400 books sold in 2016. It was reported that there was a strike in the printing press of the publisher in 2016. What will be the amount payable by Ashwiny Publishing to Prof. Hema Ambani in 2016? **2 marks**

c. The following balances have been extracted from Merlyn and Co, which has two departments A and B. Salary ₹ 64,000, Rent ₹ 5,000, Discount Allowed ₹ 7,000 and Discount Received ₹ 6,000. How will you allocate the above expenses between the two departments? **2 marks**

Additional information: -

Staff	5 persons	3 persons
Area Occupied	600 sq.ft	400 sq. ft
Sales	₹ 4,00,000	₹ 3,00,000
Purchases	₹ 2,00,000	₹ 1,00,000

- d. Sneha Pvt. Ltd. has three departments P, Q, and R and submits the following information: **2 marks**

	P	Q	R	Total
Purchases (Total)	-	-	-	4,20,000
Purchases (Units)	2500	5,000	7,500	
Selling Price (per unit)	₹ 40	₹ 45	₹ 50	

Calculate the percentage of gross profit to total sales, if the rate of profit is uniform in each case.

- e. You are given the following information regarding the Western Branch of Nemesia Trading Co. **2 marks**

Particulars	₹	Particulars	₹
Debtors (1.1.2019)	5,000	Bad Debts	300
Debtors (31.12.2019)	5,750	Discount Allowed	155
Cash Sales	12,900	Returns from Customers	1,500
Credit Sales	18,000		

What will be the amount collected from Debtors as per the Debtors Method of Branch Accounting?

- f. The Panjim Head Office sends goods to its Mumbai branch at cost plus 20%. The opening stock at branch is ₹ 9,600 (Invoice price) and the closing stock at branch is ₹ 16,800 (Invoice price). Calculate stock reserve on opening and closing stock. **2 marks**
- g. Snevita Ltd. purchased a machinery from Flevin Ltd. on a hire purchase basis on 1st April 2019. The cash price of the machine was ₹ 7,00,000 and the down payment was ₹ 1,00,000. Pass Journal Entries to record the two transactions in the books of Snevita Ltd. **2 marks**
- h. On 1st January 2018, Nikita Fabricators Ltd. purchased a molding machine from Chrisell Machinery Co. on a hire purchase basis. The cash price of the machine was ₹ 1,50,000. Nikita Fabricators provides depreciation @ 10% p.a. on WDV basis. What will be the WDV on 1.1.2020? **2 marks**

Q2. Answer any FOUR questions from Q2 A to Q2 F

A Jolanda patented a washing machine and granted Nafisa Ltd. a **5 Marks** license for 5 years to manufacture and sell the washing machine on the following terms:

- i) Nafisa Ltd. to pay a royalty of ₹ 100 for every machine sold with a minimum payment of ₹ 1,00,000 p.a.
- ii) The number of washing machines sold was as follows:-

Year	2013	2014	2015	2016	2017
Units	1000	1100	1150	1050	900

You are required to prepare Royalty A/c in the books of Nafisa Ltd. Assuming year accounting period ends on 31st December every year.

B. M/s Kirti Foods is a departmental store having three departments P, **5 Marks** Q, and R. The information regarding these three departments for the year ending 31st March 2020 was as follows:

Particulars	P(₹)	Q (₹)	R (₹)
Opening Stock	9,000	6,000	5,000
Purchases	33,000	22,000	11,000
Sales	40,000	30,000	20,000
Closing Stock	22,500	8,750	10,500
Value of Furniture in each department	10,000	10,000	5,000
Floor Space of Each Department (sq. ft)	3,000	2,500	2,000
Number of Employees in each department	5	4	3
Electricity consumed by each department (units)	300	200	100

The balances of other revenue items in the books of the year are given below:

Particulars	₹
Salaries	12,000
Discount Allowed	4,500
Discount Received	3,600
Rent, Rates and Taxes	15,000

Depreciation on Furniture	2,000
Electricity Expenses	6,000

Prepare **Departmental Trading and P& L A/c** for the year ending 31st March 2020.

- C** Nouhad and Jency are in a partnership managing a small retail store **5 Marks** which specializes in party planning and carry on business under the name of N & J Ltd. The decoration section is managed by Nouhad and the catering section is managed by Jency. Each partner can receive a commission of 10% of the profit of their respective sections. The following trial balance was prepared on 31st March 18:

Particulars	Dr. (₹)	Particulars	Cr.(₹)
Current A/c		Capital	
Jency	500	Jency	28,000
Drawings		Nouhad	16,000
Nouhad	2,200	Current A/c	
Jency	1,800	Nouhad	4,040
Machinery (WDV)		Sales	
Decoration	9,000	Decoration	37,000
Catering	7,000	Catering	43,000
Purchases		Sundry Creditors	4,300
Decoration	31,800		
Catering	35,400		
Stock on 1st April			
Decoration	4,600		
Catering	6,200		
Wages			
Decoration	2,400		
Catering	3,000		
Other Expenses	460		
Rates and Taxes	1,000		
Electricity Charges	800		
Selling Expenses	300		
Cash at Bank	25,880		
	1,32,340		1,32,340

The following additional information is available:

- i. Closing Stock: Decoration-₹ 7,200 Catering- ₹ 8,800
- ii. Rates to be apportioned between sections on basis of 3:2, selling expenses in the ratio of 1:1, electricity charges in a 2: 3 ratio and other expenses in 1:1 ratio.
- iii. Depreciate Machinery @ 10% of WDV for both sections.

Prepare **Departmental Trading and Profit and Loss** account for the year ended 31st March 2018 and in a separate working note show the commission payable to Nouhad and Jency.

- D.** From the following details relating to the Quepem Branch of Renuka Ltd. for the year ending 31.12.2017, prepare **Branch Account** in the books of the head office using the **Debtors' Method**. **5 Marks**

Particulars	₹	Particulars	₹
Opening Balances (1.1.2017)		Closing Balances (31.12.2017)	
Stock at Branch	18,750	Stock at Branch	31,250
Debtors at Branch	37,500	Debtors at Branch	60,000
Goods sent to branch	3,15,375	Goods returned by branch.	2,750
Cash received from Debtors	2,62,500	Cheque for expenses	
Cash Sales	75,000	Salaries	11,250
Credit Sales	2,85,000	Rent and Taxes	3,250

- E.** Rolina Ltd. of Nuvem has a branch at Verna to which goods are invoiced at cost plus 25%. The branch makes sales both by cash and on credit. Branch expenses are paid direct from Head Office and the branch must remit all cash received into the Head Office Bank account at Verna. **5 Marks**

From the following details, relating to the year 2017-18, prepare Verna Branch Stock A/c and Verna Branch Adjustment A/c as per **Stock And Debtor's Method**.

Particulars	Amount (₹)
Stock on 1.4.2017 at invoice price	6,000
Debtors at Verna Branch as at 1.4.2017	7,200
Goods received from H.O at invoice price	60,000

Returns to H.O at invoice price	1,200
Sales during the year – Cash	20,000
Sales during the year – Credit	36,000
Sales returns at Verna branch	800
Stock on 31.03.2018 at invoice price	12,000

F. On 1st January 2015, Jesma and Co. acquired a Machine from Seema **5 Marks**

Machinery Co. Ltd. The terms of the contract are as follows:

- a. Cash Price of the Machine was Rs. 2,00,000
- b. Rs. 80,000 was paid as down payment on signing the contract.
- c. The balance was paid in annual instalments of Rs. 40,000 plus interest on 31st December each year. The first instalment being due on 31st March 2015.
- d. The interest chargeable on the outstanding balance was 12% p.a.
- e. Depreciation on machine was 10% using SLM Method and was charged on 31st December every year

Prepare Machinery A/c and Interest Ac/c in the books of Jesma and Co. from 1st January 2015 upto 31st December 2017.
