

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

SECOND SEMESTER – APRIL 2010

BC 2501/BC 2500/CR 2501 - FINANCIAL ACCOUNTING

Date & Time: 20/04/2010 / 1:00 - 4:00

Dept. No.

Max. : 100 Marks

PART – A

ANSWER ALL THE QUESTIONS

(10X2=20Marks)

1. State any four reasons for providing depreciation.
2. What do you mean by independent system of branch accounting?
3. Give the meaning of the term “Average Clause” in insurance Claims.
4. What is meant by ‘Short-workings’?
5. What are “Interdepartmental Transfers”?
6. A machine was acquired on 1st April, 1995 at a cost Rs. 9,000, the cost of installation being Rs.1, 000. Life – 20,000 Hours. During 1995, it worked for 1600 hours and during 1996 for 2400 hours. Write up the machinery account.
7. From the following information, prepare creditors account and find out the purchases made during the period. Cash paid to creditors Rs. 151000, Return outwards- Rs.6000, bills payable- Rs.54500, Opening balance of creditors- Rs.30, 000.
8. Mr. Rajesh provides the following information. Calculate his net income. Opening stock- Rs.4800, purchases- Rs.20800, direct expenses- Rs.15110, closing stock- Rs.5200, operating expenses- Rs.5060, other incomes- Rs.500, sales- Rs.47,070.
9. ‘A’ purchased a radio on hire-purchase system. The cash price of the radio was Rs.360. He agrees to pay four quarterly installments of Rs.100 each. Calculate the interest for each quarter.
10. What do you mean by Royalty?

PART - B

ANSWER ANY FIVE QUESTIONS

(5X8=40 Marks)

11. Differentiate single entry system of book keeping from double entry.
12. In a business there was a machine of Rs.90, 000 on 1st Jan 2008. On 30th June, 2008 an additional machine was purchased for Rs.10, 000. On 31st December 2008, a part of machine was sold for Rs.2,100 which had a cost price of Rs.2, 000 on 1st January, 2008. Prepare machine account after providing depreciation at 10% p.a. on fixed installment basis.
13. Ms. Shreya, a sole trader, does not keep proper books of accounts. However, she provides the following information:

Particulars	31-12-2005 Rs.	31-12-2006 Rs.
Cash at bank	4500	3000
Cash in hand	300	4000
Stock in trade	40000	45000
Debtors	12000	20000
Equipment	5000	5000
Creditors	30000	20000
Furniture	4000	4000

During the year 2006, Ms.Shreya, introduced Rs.6000 as additional capital and withdrew Rs.4000 as Drawings. Write off Depreciation on Furniture at 10% and on equipment at 5%.Prepare a statement showing the profit or loss made during the year ended 31st Dec 2006.

14. M/s. Sitaraman & Co. has taken out a fire insurance policy of Rs.80, 000 covering its stock in trade. A fire occurs on 31st March 2003 and stock was destroyed with the exception of Rs.20, 680 worth. Following particulars are available from the books of account of the firm.

	Rs.
Stock as on Jan 1, 2003	30,000
Purchase to the date of fire	1, 30,000
Sales to the date of fire	90,000
Commission paid to the purchase manager:	
On purchases	2%
Carriage paid on purchases	800
Average gross profit on cost	50%

The policy was subject to average clause. You are required to arrive at the total loss of stock and amount of claim to be made against the insurance company.

(P.T.O.) -1-

15. Ajay sells goods on hire purchase basis at a profit of 50% on cost. Following particulars are given to you relating to the business during 2002:

	Rs.
Hire purchase stock (at selling Price) as on 1.1.2002	9,000
Installment due on 1 st January, 2002	5,000
Goods sold on hire purchase during the year (at selling price)	87,000
Cash received from hire purchase customers during the year	60,000
Goods repossessed (Installments due Rs.2000) valued at	500
Hire-purchase stock (at selling Price) as on 31 st Dec, 2002	30,000
Installments due on 31 st Dec, 2002	9,000

Prepare Hire-Purchase Trading Account showing the profit earned for 2002.

16. Ms. Goldman Co., Bangalore, opened a branch at Hyderabad on 1st April 2001. the following information is available in respect of the branch for the year 2001-02:

	Rs.
Goods sent to the branch	75,000
Cash sales at the branch	50,000
Credit sales at the branch	60,000
Salaries of the branch staff paid by the head office	15,000
Office expenses of the branch paid by the head office	12,000
Cash remittances to branch towards petty cash	6,000
Petty cash at branch as on 31.3.2002	500
Debtors of branch as on 31.3.2002	5,000
Stock at the branch as on 31.3.2002	27,000

Prepare Branch account to show the profit/ loss from the branch for the year.

17. What do you mean by Hire- Purchase? Discuss the powers and Duties of hirer?

18. Write short notes on:

- Indemnity Period.
- Subrogation
- Consequential loss policy
- Re-possessed stock

PART - C

ANSWER ANY TWO QUESTIONS

(2X20=40 Marks)

19. From the following Trial Balance and adjustments of M/s. Reliable India, prepare Final Accounts for the year ended on 31st march 2008.

Trial Balance

Stock in trade 1 st April 2007	15,000	Sales	1,77,000
Purchases	1,02,500	Return outward	2,500
Return Inwards	2,000	Discount	1,000
Wages	10,000	Reserve for Bad and Doubtful debt	800
Carriage inwards	2,500	Outstanding salaries	1,000
Stationery	1,000	Outstanding rent	500
Discount	500	Creditors	25,000
General expenses	7,500	Bills payable	4,500
Salaries	5,000	Capital	1,00,000
Depreciation	7,500		
Rent	6,000		
Prepaid insurance	500		
Insurance	1,000		
Income tax paid	1,500		
Land and building	50,000		
Furniture	10,000		
Debtors	22,500		
Bills receivable	5,000		
Drawings	3,000		
Cash in hand	1,300		
Cash at bank	18,000		
Plant and machinery	40,000		
	3,12,300		3,12,300

Adjustments:

- Closing stock on 31st March, 2008 Rs.45,000

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- b) Stock destroyed by fire was Rs.2000 and Insurance Company accepted the claim for Rs.1, 500.
- c) Goods supplied by Mr.Murthy worth Rs.3, 000 on 30th March, 2008 were not entered in the books.
- d) Bad Debts Rs.500 and maintain bad debts reserve at 5% on debtors.

20. Mr. Lawrenz does not maintain his books in the double entry system. From the following information, prepare Trading, profit and loss account and balance sheet as at March 31st2003.

a. Assets and Liabilities	31.3.2002	31.3.2003
Stock	19,800	1,13,200
Creditors	31,000	14,500
Debtors	1,18,000	1,25,000
Premises	90,000	90,000
Furniture	11,000	11,500
Air-conditioner	15,000	15,000
b. Creditors as at 31.3.2002 include Rs.15,000 for purchase of Air-conditioner		
c. Cash transactions:	Rs.	
Cash as at April 1 st 2002	15,000	
Collection from customers	1,60,800	
Payments to creditors	1,44,000	
Rent, rates and taxes	11,500	
Salaries	1,12,000	
Sundry expenses	18,000	
Sundry income	16,500	
Drawings by Mr. Lawrenz	30,000	
Loan from Mrs. Fernandes	23,000	
Capital introduced	12,000	
Cash sales	11,500	
Cash purchases	15,000	
Payments to for purchase of Air-conditioner	15,000	
d. Bad Debts written off	1,200	

21. Mehfooz owned the patent of a safety lock. Rao and company acquired the right to manufacture and sell locks for six years on the following terms:

- a) Rao & Co. to pay Mehfooz a royalty of Rs.5for each lock sold with a minimum annual payment of Rs.50, 000. Accounts, to be settled annually on 31st December.
- b) In any year if royalty calculated on locks amounted to less than Rs.50000,Rao & co. is to have the right to deduct the deficiency from the royalty payable in excess of the sum in two following years.

The numbers of locks sold during the period are as follows:

Year ended 31 st December	1992	8000
	1993	9000
	1994	11000
	1995	19000

Prepare necessary ledger accounts to record the transactions in the books of Rao & co. Accounts are closed annually on 31st December. Assume that minimum rent A/C is not maintained.

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