



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

SECOND SEMESTER – APRIL 2017

BC 2501- FINANCIAL ACCOUNTING

Date: 04-05-2017
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

SECTION A

Answer **ALL**

(10 x 2 = 20)

1. State any Two features of Single entry system.
2. What do you mean by Average Clause? When is it applied?
3. What do you understand by self-balancing ledgers.
4. Write any three advantages of Departmental accounting.
5. Write any three objectives of Branch accounts system.
6. What are the basis for the allocation of the following expenses to different departments of an organisation? a) lighting b) power c) factory managers salary d) advertising
7. A company purchased a plant for Rs. 10,000. It is expected that its useful life will be 3 years and salvage value Rs. 1000. You are required to determine the rate of depreciation and amount of depreciation to be provided in the first year as per straight line method
8. A Machine costing Rs. 50,000 was purchased on hire purchase basis, Rs. 10,000 was paid on signing the agreement and the balance in four equal installments of Rs. 10,000 each annually with interest at 5%. You are required to calculate interest payable on each installment
9. A trader has his stock insured against fire. Subsequently a fire destroyed a part of his stock which was valued at the date of the fire at RS. 60,000/- stock valued at Rs. 12,000 was salvaged. Insurance was subject to average clause. The stock was insured for Rs. 36,000. Find the amount of the claim.
10. Dept. A transfers goods to Dept. B at cost plus 40%. The closing stock of B Rs. 40,000, 70% of this stock is received from A. Calculate the stock reserve to be provided by Dept. A.

SECTION - B

ANSWER ANY FIVE QUESTIONS

(5 x 8 = 40)

11. What do you understand by hire purchase? How does it differ from a purchase on instalment basis?
12. What do you mean by default and repossession? Explain.
13. A company whose accounting year is the calendar year, purchased on 1.1.2006 a machine for Rs 4,00,000 . It purchased further machinery on 1st October, 2006 for Rs 2,00,000 and on 1st July, 2007 for Rs 1,00,000. On 1.7.2008 , 1/4th of the machinery installed on 1.1.2006 became obsolete and was sold for Rs 68,000 . Show the machinery a/c for all the 3 years under diminishing balance method when the rate of depreciation is 10% p.a.

14. Mr. Gupta started business on 1.4.2010 with a capital of Rs. 50,000 and bought furniture for Rs. 10,000. On 30.9.2010, he borrowed Rs. 25,000 from his wife at 9%p.a.(Interest not yet paid) and introduced additional capital Rs. 7,500. He withdrew Rs.1,500 per month from business for his household purposes. On 31.3.2011, his position was as follows.

Cash in hand	Rs. 1,000
Cash at bank	Rs. 13,000
Sundry Debtors	Rs. 24,000
Stock	Rs. 34,000
Bills Receivable	Rs. 8,000
Sundry Creditors	Rs. 2,500
Rent due	Rs. 750

Furniture to be depreciated by 10%. Compute his profit for the year 2010-2011.

15. On 1.1.2006 National Transport Company purchased from Metro Motors five trucks costing Rs. 40,000 each on the hire purchase system. It was agreed that Rs. 50,000 should be paid immediately and the balance in three instalments of Rs. 60,000 each at the end of each year. The Metro Motors charges interest @ 10% p.a. The buyer depreciates trucks at 20% p.a. on the diminishing balance Method. The buyer paid cash down and two instalments but failed to pay the last instalment. Consequently, the Metro motors repossessed three trucks leaving two trucks with the buyer and adjusting the value of 3 trucks against the amount due. The trucks repossessed were valued on the basis of 30% depreciation p.a. on the written down value. The trucks repossessed were sold by Metro Motors for Rs. 60,000 after necessary repairs amounting to Rs. 10,000. Open the necessary ledger accounts in the books of National Transport Company.

16. X Company has a branch at Delhi. Goods are invoiced from Head office at cost price. Find out the profit at the branch according to Debtors system:

opening balances:

Debtors	10,000
Petty cash	1,000
Furniture	2,000
Stock (i.p)	8,000

Cash sent by Head office for petty expenses Rs.2,000/-

Branch expenses:

Freight and advertisement	Rs.5,600
Bad debts.	Rs.50
Depreciation an furniture	Rs.80
Petty expenses	Rs.1,500

Sales:

Cash	Rs.50,000
Credit	Rs.36,000

Goods returned by Debtors	Rs.800
Goods returned by Branch to H.O.	Rs.2,000
Cash received from Debtors	Rs.20,000
Stock at the end (i.p)	Rs.7,800
Goods sent by H.O. during the year	Rs.88,000

17. From the following particulars furnished by a merchant who keeps his ledgers on self-balancing system, prepare the Debtors Ledger Adjustment Account and Creditors Ledger Adjustment Account as they would appear in General Ledger.

2007		Rs.
Jan 1	Balance of Trade Debtors	30,000
	Balance of Trade Creditors	20,000
Jan 31	Credit Sales	1,20,000
	Credit Purchases	75,000
	Returns Inwards	5,000
	Returns Outwards	800
	Received Cash from Debtors	40,000
	Discount allowed thereon	1,000
	Cash paid to Creditors	60,000
	Discount allowed by them	1,200
	Received Bills Receivable	70,000
	Accepted Bills Payable	10,000
	Allowances to Debtors	500
	Allowances from Creditors	50
	Transfer from creditors ledger to debtors ledger	150
	Bad Debts	450
	Bills Receivable dishonoured	2,000
	Interest charged on dishonoured bills	500
	Balance of Trade Creditors(Dr)	200

18. The following purchases were made by a business house having three departments:

Dept. A	-	1000 units	
Dept. B	-	2000 units	at a total cost of Rs.100000
Dept. C	-	2400 units	

Stock on 1st January were:

Dept. A	-	120 units
Dept. B	-	80 units
Dept. C	-	152 units

Sales were :

Dept. A	-	1020 units @Rs.20 each
Dept. B	-	1920 units @Rs.22.50 each
Dept. C	-	2496 units @Rs.25.00 each

The rate of Gross profit is same in each case. From the above prepare Departmental trading accounts.

SECTION C

Answer any **TWO** only

(2 x 20 = 40)

19. From the following Trial Balance extracted from the books of Kamalnath. Prepare Trading and Profit & Loss A/c and Balance Sheet for the year ended 31-12-2011.

	Debit	Rs.	Credit Balances	Rs.
Cash at Bank		2610	Creditors	4700
Debtors	11070		Discounts	150
Salaries	4950		Creditors for expenses	400
Carriage inwards	1450		Returns outwards	2520

Carriage outwards	1590	Sales	80140
Bad debts	1310	Capital	40270
Office expenses	5100		
Purchases	67350		
Return inwards	1590		
Furniture & Fixtures	1500		
Stock	14360		
Insurance	3300		
Depreciation on property	1200		
Freehold Property	10800		
	<u>128180</u>		<u>128180</u>

Adjustments:

1. Make provision for doubtful debts at 5%.
2. Calculate discount on creditors @2%
3. Office expenses include stationery purchased Rs. 800
4. Carriage inwards include carriage paid on purchase of furniture Rs. 50.
5. Outstanding salaries Rs. 150.
6. Prepaid insurance Rs. 300
7. Stock on hand Rs. 10700 (including stationery stock Rs. 200)

20. A company purchased machinery on 1.7.2007 for Rs. 80,000. On 1.1.2009 they purchased another machine for Rs. 60,000 and again on 1.10.2011 machinery costing Rs. 1,50,000 was purchased. They adopted a policy of charging depreciation @20% p.a. on diminishing balance.

On 1.7.2011, they however changed the method of providing depreciation and adopted the method of writing off the machinery A/c at 15% p.a. under straight line method with retrospective effect from 1.7.2007, the adjustment being made in the accounts for the year ended 30.6.2012. The depreciation has been charged on time basis, you are required to calculate the difference in depreciation to be adjusted and show the machinery a/c from 2007-08 to 2011-12. (Accounts are closed on 30th June each year)

21. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

Stock on 1.1.2010 (Invoice price) Rs. 27,900
 Debtors on 1.1.2010 Rs.20,400
 Goods invoiced to the branch (invoice price) Rs. 1,53,000
 Cash sales Rs. 75,000
 Credit sales Rs. 93,000
 Cash collected from debtors Rs. 91,200
 Goods returned by debtors Rs. 3,600
 Goods returned to H.O. by branch Rs.4,500
 Shortage of stock Rs. 1,350
 Discount allowed Rs. 600
 Expenses at the branch Rs. 16,200
 Bad debts Rs. 600
