

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com.DEGREE EXAMINATION –CORPORATE SECRETARYSHIP

SECOND SEMESTER – APRIL 2019

16/17/18UBC2MC01– FINANCIAL ACCOUNTING

Date: 01-04-2019
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

SECTION A

ANSWER ALL QUESTIONS

(10 X 2 = 20)

1. Define depreciation.
2. What do you mean by balance sheet?
3. What is an outstanding expense?
4. Calculate loss on sale on machinery under straight line method from the following details:
 - a. Original cost of machinery on 1-1-1990 Rs. 50,000
 - b. Rate of depreciation – 10%
 - c. Date of sale machinery 1-7-1992
 - d. Sale value of machinery Rs.24,000
5. How do you allocate the following expenses in departmental account:
 - a) Salaries b) Lighting c) Discount allowed d) Rent and Taxes
6. What is Repossession?
7. P & Q are partners sharing profits in the ratio of 3:2. They admit R as a partner for 1/5th share in future profit. Calculate the new ratio and sacrificing ratio.
8. Define hire purchase system.
9. What is goodwill?
10. Define “partnership”

SECTION B

ANSWER ANY FOUR QUESTIONS

(4 X 10 =40)

11. Explain the various methods of depreciation.
 12. What are departmental accounts? What are the objectives of preparing such Accounts?
 13. Prepare Madurai branch account from the following information;

Particulars	Rs.	Rs.
Sales at branch		
Cash	50,000	
Credit	78,000	1,28,000
Stock on 1/1/2001		22,400
Branch debtors 1/1/2001		12,600
Goods sent to branch		1,02,000
Cash sent to branch for		
Rent	3,000	
Salaries	6,000	
Petty cash	1,000	10,000
Cash received from debtors		82,400
Stock on 31/12/2001		27,200

14. The following purchase were made by a business house having three departments:

Department X –200 units Department Y –1,400 units Department Z– 400 units	At total cost of Rs. 5,100
Opening stock Department X –100 units Department Y –400units Department Z –60units	
Sales were: Department X –180 units at Rs.15 each Department Y –1,500 units at Rs.18 each Department Z –450 units at Rs.6 each	

The rate of gross profit is same in each case. Prepare departmental accounting.

15. Mr.Abinandhan purchased fourcars for Rs. 14,000 each on 1/1/99 under the hire purchases system. The hire purchase price for the car Rs.60, 000 to be paid as Rs. 15,000 down payment and 3 equal installments of Rs.15,000 each at the end of the each year. Interest is charged at Rs.5% p.a. The buyer depreciates the car at 10% p.a on straight line method. From the above detail prepare journal entries in the books of James.

16. A and B are partners sharing profits in the ratio of 3:1. Their balance sheet stood as under on 31.12.2005

Liabilities	Rs.	Assets	Rs.
Capital A 30,000		Cash at bank	18,500
Capital B <u>20,000</u>	50,000	Prepaid insurance	1,000
Sundry Creditors	40,000	Stock	10,000
Salary outstanding	5,000	Debtors 8,000	
		Less: <u>provision 500</u>	7,500
		Machinery	22,000
		Building	30,000
		Furniture	6,000
	95,000		95,000

C is admitted as a new partner in introducing a capital of Rs.20,000, for his 1/4th share in future profit.

Following revaluations are made:

1. Stock is depreciated by 5%.
2. Furniture be depreciated by 10%
3. Building is revalued at Rs. 45,000.
4. The provision for doubtful debts should be increased to Rs. 1,000.

Pass journal entries; prepare Revaluation Account and balance sheet after admission.

17. A firm earned net profits during the last three years as follows:

I year Rs. 36,000

II year Rs. 40,000

III year Rs. 44,000

The capital investment of the firm is Rs. 1,20,000. A fair return on the capital having regard to the risk involved is 10%. Calculate the value of goodwill on the basis of 3 years purchase of super profits.

SECTION C

ANSWER ANY TWO QUESTIONS

(2 X 20 =40)

18. Prepare final accounts from the following Trial balance of Mr. Victor as on 31/3/2012

Debit balances	Rs.	Credit balances	Rs.
Land and building	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return outwards	500
Stock 1/4/2012	5,760	Sundry creditors	6,300
Sundry debtors	14,500	Bills payable	9,000

Purchases	40,675		
Cash in hand	540		
Cash at bank	2,630		
Return inwards	680		
Wages	8,480		
Fuel	4,730		
Carriage inwards	2,040		
Carriage outwards	3,200		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
	1,76,580		1,76,580

1. Stock Rs. 31/3/2012 Rs. 6,800
2. Salary outstanding Rs. 1,500
3. Insurance premium Rs.150
4. Depreciation on machinery 10% and patents 20%
5. Create a provision of 2 % on debtors for bad debts.

18. A and B share profits in the ratio of 3:2. Their balance sheet as under :

Liabilities	Rs.	Assets	Rs.
Creditors	11,250	Plant and machinery	30,000
Genera reserve	22,500	Stocks	24,000
Capital A 30,000		Debtors	22,500
Capital B 22,500	52,500	Bank	9,000
		Cash in hand	750
	86,250		86,250

B retires and the following revaluations were made:

- i. The goodwill of the firm is valued at Rs.37,500
 - ii. Depreciate plant and machinery by 7.5% and stock by 15%
 - iii. Create a provision for doubtful debts at 5% on debtors.
 - iv. Create a provision for discount on creditor's at 2%.
- Prepare Partner's capital account and balance sheet.

20. The Madras Trading Co. purchased a motor car from Bombay Motor Co. on hire purchase agreement on 1/1/2001 paying cash Rs.10,000 and agreeing to pay further three installment of Rs.10,000 each on 31st December each year. The cash price of the car is RS. 37,250 and the Bombay Motor Co charges interest at 5% p.a. The Madras Trading writes off 10%p.a as depreciation on reducing balance method. Journalize the above in the books of both the parties.

21. What is hire purchase system? Distinguish between hire purchase and installment system?
