

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com.DEGREE EXAMINATION –COMMERCE****FIRST SEMESTER – APRIL 2019****16/17/18UCO1MC01– FINANCIAL ACCOUNTING**

Date: 02-04-2019

Dept. No. 

Max. : 100 Marks

Time: 01:00-04:00

**SECTION A****ANSWER ALL QUESTIONS****(10 X 2 = 20)**

1. What is Final account?
2. Mention any two features of single entry system
3. What do you mean by Average Clause under Insurance claim?
4. Mention any two causes for depreciation
5. What is shortworking?
6. What is meant by inter departmental transfer
7. A company purchased a Plant for Rs.50,000. The useful life of the Plant is 10 years and the residual value is Rs.10,000. Find out the rate of depreciation under the Straight Line Method.
8. From the following information ascertain the opening stock (i.e., on 1-1-2006 )

Purchase made during 2006	2,50,000
Sales made during 2006	3,25,000
Stock on 31-12-2006	60,000
Wages	3,000
Rate of gross Profit on cost	25%

9. On 1.1.1986, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing of the contract) and Rs.4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest is 5%. Calculate the interest in each year's instalment.
10. A fire occurred at the premises of a trader of a trade on 31.5.2004 destroying a great part of his goods. His stock at 1.1.2004 was Rs. 60,000. The value of stock salvaged was Rs. 13,500. The gross profit on sales was 30% and sales amounted to Rs. 1,53,000 from January to date of fire, while for the same period the purchase amounted to Rs. 1,03,500. Prepare a statement of claim.

**SECTION B****ANSWER ANY FOUR QUESTIONS****(4 X 10 = 40)**

11. What are the features of hire purchase system?
12. Explain the accounting procedure for maintaining branch account under Stock and Debtor System
13. The following purchase were made by a business house having three departments.

Dept A	1,000 Units	}
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At total cost of Rs. 1,00,000

Dept B 2,000 Units

Dept C 2,400 Units

Stocks on 1<sup>st</sup> January were:

Dept A- 120 Units

Dept B- 80 Units

Dept C- 152 Units

Sales were:

Dept A- 1020 Units at Rs. 20 each

Dept B- 1920 Units at Rs. 22.50 each

Dept C- 2496 Units at Rs. 25 each

The rate of gross profit is same in each case. Prepare Departmental trading

14. A company whose accounting year is the calendar year, Purchased on 1-1-2003 a machine for Rs. 40,000. It purchased further machinery on 1<sup>st</sup> Oct.2003 for Rs. 20,000 and on 1<sup>st</sup> July 2004 for Rs. 10,000. On 1-7-2005, ¼ th of the machinery installed on 1-1-2003 became obsolete and was sold for Rs. 6,800.  
Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance method. Depreciation is to be provided at 10% p.a.
15. A head office at Bhopal invoices goods to its branch at Indore at cost, and the branch sells the goods not only for cash but on credit also. The expense of the branch are paid by the head office. From the following particulars relating to the branch opened on 1-1-1996, Prepare the necessary accounts under stock and debtors system in the head office books.

	Rs.		Rs.
Goods sent to branch at cost	5,000	Credit Sales	5,200
Goods returned by the branch at cost	300	Discount allowed to customers	180
Expenses paid by the head office	1,000	Cash sales	250
Remittance from branch	4,200	Branch stock (31-12-96)	1,700
Receipts from debtors not paid in by branch	300	Branch debtors(31-12-96)	770

16. An asset was purchased under hire purchase system with a cash price of Rs. 15,500. On signing the hire purchase agreement , the payment made was Rs. 3,000 and subsequent amount was paid as follows -First year end Rs. 5,000;Second year end Rs. 5,000 and Third year end Rs. 5,000. Make necessary ledger accounts in the books of the both parties charging depreciation @10% diminishing balance method.
17. The premises of a company have been destroyed by fire on 15 th June 2004. The records , however, were saved wherefrom the following particulars are available.

	Rs
Stock at cost on 1-1-2003	30,000
Stock at cost on 31-12-2003	40,000
Purchase less returns for the year ended 31-12-2003	2,00,000
Sales less returns for the year ended 31-12-2003	2,50,000
Purchase less returns from 1-1-2004 to 15-6-2004	85,000
Sales less returns from 1-1-2004 to 15-6-2004	1,20,000

Rs. 2,500 have been written off certain stock, which was poor selling line while valuing the stock for the Balance Sheet as at 31-12-2003. The cost of such stock was Rs.4,000. A portion of this stock was sold in March 2003 at a loss of Rs.500, on original cost of Rs. 2,000. The balance of this stock was now estimated to be worth the original cost. Excepting the above, the gross profit had remained at an uniform rate throughout. The stock saved was Rs.5,000. You are required to ascertain the claim for loss of stock.

18. You are required to prepare the Trading and Profit and Loss Account for the year ended 31 st March, 2014 and a Balance Sheet as on the date.

**Trail Balance**

Debit	Rs	Credit	Rs
Stock(1-4-2003)	95,280	Capital	1,46,900
Purchases	2,62,590	Loan (Interest @ 6 %)	35,000
Manufacturing Wages	45,970	Sundry Creditors	86,270
Plant and Machinery	34,800	Sales	3,62,030
Fixtures and Fittings	13,970	Provision for Doubtful Debts	8,500
Sundry debtors	67,500	Commission Received	10,640
Bills Receivable	15,000	Purchase Returns	13,360
Sales Returns	8,780		
Salaries	16,000		
Bad Debts	8,620		
Repair and Renewals	9,370		
Rent and Taxes	11,120		
Travelling Expenses	6,880		
Insurance	6,400		
Drawings	16,050		
Cash in Hand	8,030		
Cash in Bank	24,970		
Interest and Discount	11,370		
	6,62,700		6,62,700

Adjustments:

- Closing stock is valued at Rs. 1, 27,000
- Depreciate (1) Plant and Machinery by 5% (2) Fixtures and Fittings by 10% p.a.
- Outstanding interest on loan is Rs. 350.
- Sales include Rs. 1,030 worth of goods taken by the proprietor for his private use.
- The Manager is entitled to a commission of 10% on the net profit after charging such commission.

19. The following balances were extracted from the books of Jaikishan. You are required to prepare Departmental Trading and Profit Loss Account for the year ended 31st March,2006, after adjusting the unrealised department profits, if any

	Dept X Rs	Dept Y Rs
Opening Stock	50,000	40,000
Purchases	6,50,000	9,10,000
Sales	10,00,000	15,00,000

General Expenses incurred for both the departments were Rs. 1,25,000 and you are supplied with the following information:

- Closing stock of Department X Rs. 1,00,000 including goods from Department Y for Rs. 20,000 at cost to Department X .
- Closing stock of Department Y Rs. 2,00,000 including goods from Department X for Rs. 30,000 at cost to Department Y.
- Opening stock of Department X and Department Y include the goods value of Rs. 10,000 and Rs. 15,000 taken from Department Y and .Department X respectively at cost to transferred departments.
- The Gross Profit is uniform from year to year.

20. On 1st January, 2001 Selvin Co. patentees of a new type of gas-burner, issued a licence to Gasline Co. for the manufacture and sale of burners for five years on the following terms:

- a) Gasline Co. to pay a royalty of Rs. 100 for every burner manufactured subject to a minimum rent of Rs. 50,000 per annum.
- b) If for any year, the royalties calculated to burners manufactured amount to be less than the minimum rent, Gasline Co. may recoup the shortworkings against royalties payable in excess of the minimum rent in the next year only, but not afterwards.
- c) Payment to be made on 31st December.

Sales and closing stock of burners for five years were:

Year	2001	2002	2003	2004	2005
Manufactured	250	350	570	630	100

Show the (i) Royalty Account (ii) Short working Accounts (iii) Selvin Limited Accounts in the book of Gasline Co. who close their accounts on 31st December in every year.

21. The position of Manohar's business as on 1<sup>st</sup> January 1996 was as under. Sundry creditors Rs.1,70,000; Freehold premises Rs.5,00,000; stock Rs.2,50,000; Sundry debtors Rs.2,00,000; Furniture Rs.20,000.

Receipts	Rs.	Payments	Rs.
Sundry debtors	1,50,000	Overdraft (1.1.1996)	1,00,000
Cash sales	8,00,000	Expenses	5,00,000
		Drawings	30,000
		Sundry creditors	2,00,000
		Cash in hand	20,000
		Cash at bank	1,00,000
	9,50,000		9,50,000

The following additional information is available – closing stock Rs.3,00,000; closing debtors Rs.2,50,000; closing creditors Rs.1,20,000. No additions were made during the year to premises and furniture but they are to be depreciated at 10% and 15% respectively. A bad debts provision of 2½% is to be raised. Prepare a Trading and Profit and Loss account for the year ended 31<sup>st</sup> December, 1996 and a Balance sheet as on that date.

