

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – COMMERCE

SECOND SEMESTER – NOVEMBER 2015

BC 2501 - FINANCIAL ACCOUNTING

Date : 3/10/2015

Dept. No.

Max. : 100 Marks

Time : 01:00-04:00

PART A

Answer ALL questions

Marks:10x2=20

1. What are the features of a dependant branch?
2. Mention 2 limitations of single entry system?
3. What is a Statement of Affairs? Why is it prepared?
4. Why is a Branch Adjustment Account prepared?
5. How do you apportion the following common expenses between departments?
 - a) Repairs to building
 - b) Staff welfare expenses
 - c) Lighting expenses
 - d) Advertising.
6. A machine was purchased on October 1, 2013 for Rs.40,000 and Rs.10,000 was spent on installing it. Depreciation is provided at 20% per annum on written down value. On January 1, 2015 the machine was sold for Rs.20,000. Books are closed on March 31, every year. Calculate the profit or loss on sale.
7. From the following, calculate the amount of provision for doubtful debts to be debited to P&L A/c:
Opening provision for doubtful debts Rs.2,400
Closing sundry debtors Rs.42,000
Bad debts yet to be written off Rs.2,000
Provide for doubtful debts at 10% on debtors.
8. A manager gets 5% commission on net profit after charging such commission. What shall be his commission if gross profit is Rs.96,000 and expenses of indirect nature other than manager's commission are Rs.12,000?
9. Calculate sales
Cost of goods sold Rs.2,70,000
Rate of profit 25% of sales.
10. Goods of Rs.80,000 of M/s Raju and Sons are insured for Rs.70,000 subject to average clause. Loss due to fire is assessed at Rs.16,000. Calculate what claim the insured will get from the insurers.

PART B

Answer ANY FOUR questions

Marks:4x10=40

11. What is the purpose of preparing Departmental Accounts? What are inter departmental transfers and how are they treated in department accounts?
12. Explain the steps involved in the computation of a claim from insurance for loss of stock.
13. X Ltd purchased on 1st Jan 2012 a machine for Rs.100000. On 1st July 2012 it purchased another machine for Rs.50000. On 1st July 2013 the machinery purchased on 1st Jan 2012 was sold for Rs.40000. On 1st July 2014, a new machine was purchased for Rs.120000 and the machine purchased on 1st July 2012 was sold for Rs.42000 on the same day. Depreciation is provided at 10% p.a. on written down value. Books are closed on 31st December every year. Show the machinery account upto 31st December 2014.

14. A Madras Head Office has a branch at Salem to which goods are invoiced at cost plus 20%. From the following particulars prepare Branch Account in the books of the Head Office.

| | |
|-----------------------------------|-----------|
| Goods sent to Branch | Rs.211872 |
| Total sales | Rs.206400 |
| Cash sales | Rs.110400 |
| Cash received from Branch debtors | Rs.88000 |
| Cash sent to Branch for expenses | Rs.4640 |
| Branch debtors on 1st Jan 2014 | Rs.24000 |
| Branch stock on 1st Jan 2014 | Rs.7680 |
| Branch stock on 31st Dec 2014 | Rs.13440 |

15. The following are the details for the year 2014, in the books of a firm which adopts the self balancing system:

| | |
|-------------------------------------|----------|
| Opening balance of debtors (debit) | Rs.12500 |
| Opening balance of debtors (credit) | Rs.300 |
| Sales | Rs.31200 |
| Sales returns | Rs.3120 |
| Discount allowed | Rs.1300 |
| Bad debts | Rs.350 |
| Allowances to customers | Rs.400 |
| B/R dishonoured | Rs.500 |
| Cash received from customers | Rs.20050 |
| Provision for bad debts | Rs.3000 |
| B/R received | Rs.1300 |
| Closing balance of debtors (credit) | Rs.700 |

Prepare Debtors Ledger adjustment account in the general ledger.

16. A firm has two departments X and Y. Department X transfers goods to Department Y at its usual selling price. From the following details prepare departmental Trading and Profit and Loss Account for the year ended 31st March 2014:

| | Dept.X | Dept.Y |
|--------------------------|-----------|----------|
| Stock on 1st April 2013 | Rs.30000 | Rs.5000 |
| Purchases | Rs.200000 | Rs.1500 |
| Sales | Rs.220000 | Rs.45000 |
| Transfers to Dept.Y | Rs.30000 | - |
| Manufacturing expenses | - | Rs.6000 |
| Selling expenses | Rs.2000 | Rs.600 |
| Stock on 31st March 2014 | Rs.20000 | Rs.6000 |

75% of the stocks of Dept. Y may be considered as received from Dept.X. Dept X earned a gross profit of 15% in 2012-13. General expenses of their business amounted to Rs.11000.

17. The position of a businessman who keeps his book on single entry was as follows:

| | 2013 (Rs) | 2014 (Rs.) |
|--------------|-----------|------------|
| Cash at bank | 6400 | 2980 |
| Stock | 6500 | 5000 |
| Debtors | 4000 | 5200 |
| Furniture | 300 | 350 |
| Creditors | 4100 | 3100 |

He withdrew Rs.7000 from the business on 2nd Jan 2014. Out of which he spent Rs.5200 for the purchase of a motor truck for the business.

His personal life policy of Rs.6000 matured, which he deposited into the business bank account.

Provide depreciation at 10% on the closing balance of furniture and truck.

Write off Rs.220 as Bad debts and provide 5% for Bad debts.

Ascertain the profit or loss for the year.

PART C

Answer ANY TWO questions

Marks:2x20=40

18. A Head Office invoices goods to branch at cost plus 50%. Branch remits all cash received to the Head office and all expenses are met by the Head Office. From the following particulars, prepare necessary accounts under Stock and Debtors system:

| | |
|-------------------------------|-----------|
| Stock on 1st Jan 2014 | Rs.27900 |
| Debtors on 1st Jan 2014 | Rs.20400 |
| Goods invoiced to the Branch | Rs.153000 |
| Cash sales | Rs.75000 |
| Credit sales | Rs.93000 |
| Cash collected from debtors | Rs.91200 |
| Goods returned by debtors | Rs.3600 |
| Goods returned to Head Office | Rs.4500 |
| Shortage of stock | Rs.1350 |
| Discount allowed | Rs.600 |
| Expenses at the Branch | Rs.16200 |
| Bad debts | Rs.600 |

19. On 1st January 2012 B Ltd purchased from Metro Motors Five trucks costing Rs.40000 each on hire purchase system. It was agreed that Rs.50000 was to be paid immediately and the balance in three equal instalments of Rs.60000 each at the end of each year. Metro Motors charges 10% interest per annum. The buyer depreciates the trucks at 20% per annum on diminishing balance method. The buyer failed to pay the last instalment. Consequently Metro Motors repossessed three trucks and valued them at cost less 30% depreciation on written down value.

Show the trucks account and Metro Motors account in the books of the B Ltd.

20. From the following Trial Balance and adjustments given below, prepare Trading Profit and Loss Account for the year 2014 and a Balance Sheet on 31st December 2014

| | Dr.(Rs.) | | Cr.(Rs.) |
|------------------|----------|------------------|----------|
| Debtors | 92000 | Capital | 70000 |
| Machinery | 20000 | Purchase returns | 2600 |
| Office expenses | 430 | Sales | 250000 |
| Rent & Insurance | 6920 | Creditors | 60000 |
| Wages | 7000 | Bank loan (10%) | 20000 |
| Sales returns | 5400 | | |
| Purchases | 150000 | | |
| Opening stock | 60000 | | |
| Drawings | 22000 | | |
| Salaries | 12550 | | |
| Advertising | 1440 | | |
| Bad debts | 800 | | |
| Premises | 12000 | | |
| Furniture | 10000 | | |
| Cash | 2060 | | |
| | ===== | | ===== |
| Total | 402600 | | 402600 |
| | ===== | | ===== |

Adjustments:

Stock on 31st December 2014 Rs.90000

Depreciate premises and machinery at 5% p.a. and Fixtures at 10% p.a.

Write off Rs.800 Bad debts and provide 5% for doubtful debts.

Outstanding rent Rs.500

Wages Rs.400

Prepaid insurance Rs.300

Prepaid salaries Rs.700

Bank loan was taken on 1st July 2014.

21. Distinguish between:
- a) Single Entry and Double entry.
 - b) Hire Purchase and Instalment.

\$\$\$\$\$\$\$