

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP**

**FIRST SEMESTER – NOVEMBER 2019**

**UBC 1501 – FINANCIAL ACCOUNTING**

Date: 30-10-2019  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**SECTION - A**

**Answer ALL the questions:**

**(10 x 2 = 20 marks)**

1. What is “Repossessed Stock”?
2. State any two features of Dependent branches.
3. What is an Accounting Standard ?
4. Write short notes on “Average clause”.
5. What are the objectives of depreciation. ?
6. How do you allocate the following expenses in departmental accounts  
a) Lighting    b) Power    c) Labour Expenses    d) Depreciation
7. Compute Opening branch debtors from the following transactions.  
Cash received from Debtors            37,900  
Branch Debtors (Closing)                7,200  
Credit Sales                                40,400
8. A fire occurred on September 30,2015 in the godown of Mr. Anand. From the following figures, ascertain the claim to be lodged:

	Rs.
Stock on January 1 2015	17,000
Purchases from January 1 2015 to date of fire	1,30,000
Wages and other manufacturing expenses	17,000
Sales from January 1, 2015, to the date of fire	2,00,000

The rate of gross profit is 25% on cost.

9. Ascertain cost of goods sold from the following :

	Rs.		Rs.
Opening stock	17,000	Indirect expenses	10,400
Purchases	61,400	Closing stock	18,000
Direct expenses	9,600		

10. On 1<sup>st</sup> January, Mohan purchased a machine on Hire purchase under a Hire Purchase Agreement which provided for an initial payment of Rs.20,000 and the balance in 3 annual instalment of Rs.20,000 each, price of the machine is Rs.60,000. Calculate the amount of interest included in each instalment.

**SECTION – B**

**Answer any FOUR questions:**

**(4 x 10 = 40 marks)**

11. A Second hand machine was purchase on 1-1-2000 for Rs.30,000 and repair charge amounted to Rs.6,000. It was installed at a cost of Rs.4,000. On 1<sup>st</sup> July 2001, another machine was purchased for Rs.26,000. On 1<sup>st</sup> July 2002 the first machine was sold for Rs.30,000. On the same day, one more machine was bought for Rs.25,000. On 31-12-2002, the machine bought on 1<sup>st</sup> July 2001 was sold for Rs23,000. Accounts are closed every year on 31<sup>st</sup> December. Depreciation is written off at 15% per annum on diminishing balance method. Prepare the Machinery A/c for 3 years ending 31-12-2002.

12. Explain the meaning, merits and demerits of written down value method.

13. From the following particulars, prepare Income and Expenditure A/c of the Central sports society for the twelve months from April 2012 (date of inception) to March 31, 2013.

particulars	Received or Paid Rs.	Outstanding on March 31, 2013. Rs.
Subscription from members	4,600	-
Subscription from affiliated societies	1,400	200
Life Subscriptions (10years)	2,000	-
Gifts received	3,000	-
Interest received	160	-
Committee Expenditure :		
Executive	1,500	200
Planning	1,440	640
Tournament	420	120
Printing, Postage & Stationery	1,140	160
Office furniture	2,000	-
Investment purchased	3,000	-

14. A head office in Salem has a branch at Karur to which goods are invoiced by the head Office at Cost Price plus 25%. All cash received by the branch is daily remitted to the head office. All expenses are paid from Salem. From the following particulars show how the branch account will appear in the head office books.

	Rs.		Rs.
Stock on 1 <sup>st</sup> Jan		Cheques received	
(invoice price)	12,500	from Salem :	
Debtors 1 <sup>st</sup> Jan.	12,000	Wages and Salaries	11,000
Goods invoiced from Salem	40,000	Rent	3,000
Remittance to Salem :		Sundry Expenses	<u>510</u>
Cash Sales	16,000	Stock on 31 <sup>st</sup> December,	
Cash received		(invoice price)	15,000
From Debtors	<u>29,000</u>	Debtors on 31 <sup>st</sup>	
	45,000	December	22,500

15. A fire occurred in the business premises of Raja on 19.7.2013. From the following particulars ascertain the loss of stock and prepare a claim for insurance.

	Rs.
Stock on 1.1.2012	36,720
Stock on 31.12.2012	32,400
Sales for 2012	2,16,000
Purchases for 2012	1,46,400
Purchases from 1.1.2013 to 19.7.2013	1,76,400
Sales from 1.1.2013 to 19.7.2013	1,80,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.21,600. The amount of the policy was Rs.75,600. There was an average clause in the policy.

16. Distinguish between Hire purchase system and Instalment system

17. Trading and profit & loss account of Janaki Radio and Gramophone Equipment Co., for the six months ended 31-3-2013 is presented to you in the following form.

Purchases	Rs.	Sales	Rs.
Radios (A)	1,40,700	Radios (A)	1,50,000
Gramophones (B)	90,600	Gramophones (B)	1,00,000
Spare parts (C)	64,400	Spare parts ( C )	25,000
Salaries and wages	48,000	Stock as on 31-3-2013	
Rent	10,800	Radios (A)	60,100
Sundry Expenses	11,000	Gramophones	20,300
Profit	<u>34,500</u>	Spare parts ( C )	<u>44,600</u>
	<u>4,00,000</u>		<u>4,00,000</u>

Prepare Departmental Accounts for each of the three departments, A, B and C mentioned above after taking into account the following:

- Radios and Gramophones are sold at the show room and spare parts at work shop.
- Salaries and wages comprise as follows:  
Show rooms  $\frac{3}{4}$  and work shop  $\frac{1}{4}$   
It was decided to allocate the show room salaries and wages in the ratio of 1:2 between the departments A and B.
- The work shop rent is Rs.500 per month. The rent of showroom is to be divided equally between the departments A and B.
- Sundry expenses are to be allocated on the basis of the turnover of each department.

### SECTION – C

Answer any TWO questions:

(2 x 20 = 40 marks)

18. The following is the Receipts and Payments account of Kandan Recreation club for the year ended 31<sup>st</sup> March 2002.

Receipts	Rs.	Payments	Rs.
To Balance b/d	7,000	By Salaries	28,000
To Subscriptions :		By General Expenses	6,000
2000-2001           5,000		By Electricity	4,000
2001-2002       20,000		By Books purchased	10,000
2002-2003 <u>4,000</u>		By Periodicals purchased	8,000
	29,000	By Loan Repaid	20,000
To Rent for use of		By Balance c/d	4,000
Conference room	14,000		
To Receipts from			
Entertainment facilities	28,000		
To Sale of old magazines	<u>2,000</u>		
	<u>80,000</u>		<u>80,000</u>

Additional Date:

- The club has 50 members, each paying Rs.500 PA as subscription.
- Subscriptions outstanding on 31-3-2002 Rs.6,000
- Salaries outstanding Rs.2,000. Salaries paid include Rs.6,000 for 2000-01.
- On 1-4-2001, the clubs properties were : Building Rs.2,00,000 Furniture & Fittings Rs.20,000 and Books Rs.20,000.
- Provide 10% Depreciation on Buildings and Furniture.

Prepare Income and Expenditure Account for the year ending 31-3- 2002 and a Balance sheet on that date.

19. A Bombay head office sells goods to Chennai branch at 25% profit over cost. From the following details, prepare the necessary ledger accounts in the books of head office under stock and debtors system.

	Rs.
Opening stock of goods at branch at invoice price	20,000
Goods sent to branch at invoice price	90,000
Loss of goods in transit at invoice price	6,000
Pilferage at branch at the cost of branch	1,200
Closing stock at branch at its cost to branch	16,000
Sales at branch	1,05,000
Salaries and wages at branch	6,000
Other expenses at branch	3,000

Madras branch received Rs.4,000 from the insurance company in settlement of the claim for the loss of goods in transit.

20. Prepare Trading, Profit & Loss A/c and Balance Sheet from the following Trial Balance of Mr. Madan for the year ended 31.12.2012

Debit Balances	Rs.	Credit Balances	Rs.
Sundry Debtors	92,000	Madan's Capital	70,000
Plant & Machinery	20,000	Purchase Returns	2,600
Interest	430	Sales	2,50,000
Rent, Rates, Taxes, & Insurance	5,600	Sundry Creditors	60,000
Conveyance charges	1,320	Bank Overdraft	20,000
Wages	7,000		
Sales Returns	5,400		
Purchases	1,50,000		
Opening Stock	60,000		
Madan's Drawings	22,000		
Trade Expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business premises	12,000		
Furniture & Fixtures	10,000		
Cash in hand	2,060		
	<u>4,02,600</u>		<u>4,02,600</u>

Adjustments:

- (i) Stock on hand on 31-12-2012 Rs.90,000.
- (ii) Provide depreciation on premises at 2.5%; Plant & Machinery at 7.5% and furniture & fixtures at 10%.
- (iii) Write off Rs.800 as further bad debts.
- (iv) Provide for doubtful debts at 5% on sundry debtors.
- (v) Outstanding rent was Rs.500 and outstanding wages Rs.400.
- (vi) Prepaid insurance Rs.300 and prepaid salaries Rs.700.

21. On 1.1.2012 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 Methods. 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 both the parties.

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