



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

**B.Com. DEGREE EXAMINATION – COMMERCE**

FIRST SEMESTER – **APRIL 2013**

**CO 1500 - FINANCIAL ACCOUNTING**

Date: 09/05/2013

Dept. No.

Max. : 100 Marks

Time: 1:00 - 4:00

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**SECTION A (10X2=20Marks)**

**ANSWER ALL THE QUESTIONS**

1. What do you mean by double entry system?
2. Which method of depreciation is accepted by Income Tax authorities? Why?
3. What is a statement of affairs?
4. Choose the correct answer"
  - A. Trial balance is prepared to find out the
    - a) Profit or loss
    - b) Financial position
    - c) Arithmetical accuracy of the accounts
    - d) Trading Profit
  - B. Drawings account is classified under
    - a) Representative personal
    - b) Nominal Account
    - c) Personal Account
    - d) Real account
5. Fill in the Blanks:
  - A. The statement of affairs prepared at the beginning reveals-----.
  - B. The difference between cash sent accounts appearing in the trial balance of the branch and head office trial balance is called -----.
6. Show how the following will appear in the balance sheet.  
Debtors- Rs.1,02,000, Bad Debts- Rs.1,000, Further bad debts- Rs.2000, provision of bad and doubtful debts Rs.6,000.
7. Give the journal entry: value of the asset- Rs.5,00,000, Depreciation- 10%.
8. State any two differences between provision and reserve.
9. Fire occurred on 1<sup>st</sup> march 2005. Normalcy was achieved on 1<sup>st</sup> May 2005. Sales from 1<sup>st</sup> March to May – Rs.20,000. Sales from 1<sup>st</sup> March to 1<sup>st</sup> May last year – Rs.1,00,000. Company has shown an increase of 10% during 2005 over the sales of 2004. Calculate the short sales.
10. True/ False.
  - A. The system of accounting for instalment system and hire purchase are not similar.
  - B. Bad Debts and discount allowed are shown in the credit side of the branch account.

**SECTION B (5X8=40 Marks)**

**ANSWER ANY FIVE QUESTIONS**

11. Distinguish Hire Purchase System from Installment Purchase.
12. What are the limitations of single entry system?
13. Discuss the different methods of providing depreciation.
14. Sriram Firm purchased a machinery Costing Rs.60,000 from Sridevi firm on hire purchase system. It was agreed to pay the amount at Rs.20,000 per year in three annual installments with interest at 5%. Show machinery account in the books of Sriram firm.
15. Mr. Sathish of Chennai purchased goods for his three departments at a total cost of Rs.4,300 as under:-  
Dept. A – 400 pieces, Dept. B – 1,600 pieces, Dept. C – 1,000 pieces.  
Sales for three departments were:  
Dept. A- 200 pieces @ Rs.15 per piece.  
    B-1,800 pieces @ Rs.20 per piece  
    C-1,200 pieces @ Rs.5 per piece  
Other information on opening stock was – Dept. A- 200 piieces, Dept. B-500 pieces, Dept. C – 300 pieces.  
The Rate of gross profit is same for all departments. Prepare Departmental Trading Account.
16. A company purchased a second-hand plant for Rs.30,000. It spent Rs.5,000 immediately for improving the productivity. The plant was put to use on 1.1.2001. after using the plant for 6 years it was sold for Rs.15,000. Prepare the plant account for all the six 6 years. Provide depreciation 10% on original cost.
17. The Hyderabad coal ltd., are the lessee of a mine on a royalty of Rs.5 per ton of coal raised with a dead rent of Rs.30,000 per annum and power to recoup short workings during the first four years of the lease. The out for the first four years were 1-1,500tons, 2- 5000 tons,3-7,500 tons,4-10000 tons,. Prepare a) Royalties Account b) Short workings account.
18. A fire occurred on 30thSeptember 2008 in the godowns of Mr. Krishnan. From the following calculate the amount of claim.  
Stock on 1.1.2008- Rs.17,000, Purchases from 1.1.2008 to the date of fire Rs.1,70,000, Sales from 1.1.2008 to the date of fire Rs.2,00,000, wages and manufacturing expenses Rs.17,000, Stock Salvaged Rs.4,000, The rate of Gross Profit on cost 30%.

**SECTION C (2X20=40)**

**ANSWER ANY TWO QUESTIONS**

19. Mrs. Geetham did not maintain her books under double entry system. From the following information prepare P&L account and Balance sheet as on 30.6.2010.

Assets and Liabilities	30.6.2009 Rs.	30.6.2010 Rs.
Stock-in –trade	19,800	1,13,200
Creditors	31,000	14,500
Debtors	1,18,000	1,25,000
Building	90,000	90,000
Furniture	11,000	11,500
Air Conditioner	15,000	15,000

b) Creditors as at 30.6.2009 includes Rs.15,000 for purchase of Air Conditioner.

c) Cash Transactions

	Rs.		Rs.
Cash as at July 1, 2009	15,000	Drawings by Mrs.Geetham	30,000
Collection from customers	1,60,800	Loan from Mrs. Raghu	23,000
Payment to Creditors(Trade)	1,44,000	Capital introduced	12,000
Rent and taxes	11,500	Cash Sales	11,500
Salaries	1,12,500	Cash Purchases	15,000
Sundry Expenses	18,000	Paid to Air Conditioner	15,000
Sundry Income	16,500		

d) Bad Debts written off Rs.1,200.

20. From the following information relating to the Delhi branch for the year ending March 31<sup>st</sup>, 2009 prepare branch account in the books of the head office, by showing the working clearly.

	Rs.		Rs.
Stock as on 1-4-2008	25,000	Goods returned from branch	2,000
Debtors as on 1-4-2008	10,000	Goods returned by debtors	1,000
Furniture as on 1-4-2008	6,000	Cash sent to branch for Expenses:	
Petty cash as on 1-4-2008	1,000	Rent(Rs.800 p.m.)	9,600
Insurance prepaid on 1-4-2008	300	Salary(Rs.4000p.m.)	48,000
Salaries Outstanding as on 1-4-2008	4,000	Petty Cash	2,000
Goods sent to branch during 2008-09	2,00,000	Insurance(upto June 2009)	1,200
Cash sales during the year	2,70,000	Petty cash expenses	2,200
Cash received from debtors	65,000	Discount allowed to debtors	500
Cash paid by debtors directly to H.O.	5,000	Stock on 31-3-2009	15,000

Goods costing Rs.2,500 were damaged in transit and a sum of Rs.2,000 was recovered from the insurance company in full settlement of the claim. Provide depreciation on furniture @10% p.a.

21. On 1<sup>st</sup> April 2005, Jai Electronics sold a generator to Param Engineering costing Rs.3,13,600 on an hire purchase agreement to pay Rs.90,000 as down payment and Rs.90,000 as annual instalments on 31<sup>st</sup> March. Interest being charged at 10% per annum and the purchaser charged 10% as depreciation adopting written down value method. Since the purchaser failed to pay the instalment due on 31<sup>st</sup> March 2007, the vendor repossessed the generator. Prepare the necessary Ledger A/S in the book of Param Engineering.

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