



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2013

### CO 1502 - FINANCIAL ACCOUNTING

Date: 09/05/2013

Dept. No.

Max. : 100 Marks

Time: 1:00 - 4:00

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#### SECTION – A

ANSWER ALL THE QUESTIONS

(10x2=20)

1. What is an independent branch?
2. (a)-----is a measure of wearing out, consumption or other loss of value of an asset.  
(b)Single Entry System is an incomplete system of accounting because only ----- accounts are maintained.
3. Say True or False  
(a) Under Hire Purchase System the ownership passes on to the buyer.  
(b) Insurance on building is allocated on the basis of area occupied .
4. Match the following  
(a)Written down Value - Statement of Affairs  
(b)Single Entry System - Head Office maintains all accounts.  
(c) Dependent Branch - Single Entry System  
(d) Accounts from incomplete records -Reducing Installment Method.
5. Calculate the Capital in the beginning of the year: RS.  
Capital at the end of the year 35,000  
Drawings during the year 5,000  
Capital introduced during the year 2,500  
Profit during the year 10,000
6. Jason purchased a washing machine under Hire Purchase Agreement. Its cash price is Rs.1,80,000. As per the terms of the agreement , Jason has to pay Rs.40,000 at the time of signing the agreement .Balance amount is to be paid in 4 equal installments of Rs.40,000 each at the end of every year. Calculate the interest to be paid at the end of each year.
7. Compute Opening branch debtors balance from the following:  
Credit Sales Rs. 51,000  
Received from debtors by the branch Rs. 42,500  
Branch Debtors (Closing) Rs. 7,700  
Discount allowed to customers by branch Rs. 1,800
8. In Departmental Accounting , on what basis are the following expenses apportioned  
(a)Advertising (b)Repairs to Building (c)Power (d)Carriage outward
9. What is meant by repossession?
10. What do you understand by Final Accounts?

SECTION –B

ANSWER ANY FIVE QUESTIONS

(5x8=40)

11. Explain the features of Hire Purchase System
12. Distinguish between Double Entry System and Single Entry System.
13. Explain any two approaches to Human Resources Accounting

14. The following information relates to Chennai Branch:

	Rs	Rs
Stock on 01.01.1994		11,200
Branch Debtors o 01.01.1994		6,300
Goods sent to branch		51,000
Cash sent to branch for:		
Rent	1,500	
Salaries	3,000	
Petty Cash	500	5,000
Sales at branch :		
Cash sales	25,000	
Credit Sales	39,000	64,000
Cash received from debtors		41,200
Stock on 31.12.1994		13,600

Prepare the Branch Account for the year 1994

15. The following purchases were made by a business house having three departments.

Department A     1,000 units  
 Department B     2,000 units  
 Department C     2,400 units     at a total cost of Rs.1,00,000

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

Department A             120 units  
 Department B             80 units  
 Department C             152 units

The Sales were :             Department A 1,020 units at Rs.20 each  
 Department B 1,920 units at Rs.22.50 each  
 Department C 2,496 units at Rs25 each .

The rate of gross profit is same in each case, prepare departmental trading account.

16. Mr. X maintains his books under Single entry system. From the following details calculate profit or loss for the year 1991.

	1990	1991
	Rs	Rs
Cash in Hand	400	480
Cash at Bank	6,000	2,500
Stock	6,500	5,000
Debtors	4,000	5,200
Furniture	300	350
Sundry Creditors	4,100	3,100

He withdraws Rs.7,500 from business on 2.1.1991 out of which he spent Rs.5,200 for purchase of a motor truck for the business.

Adjustments:

- (a) Depreciation on closing balance of furniture and truck at 10%
- (b) Write off Rs.220 as bad debts.
- (c) © 5% Provision for bad and doubtful debts is needed .

17. On 1<sup>st</sup> January 1996 John purchased a machine on hire purchase basis, the total amount payable being Rs.42,700. Payment was to be made Rs.12,000 on that due date and balance in three half-yearly installments of Rs.11,400 , Rs.10,900, and Rs.8,400 commencing from 30<sup>th</sup> June 1996. The vendor charged interest @10p.a calculated on half-yearly rests.

John close his books annually on 30<sup>th</sup> June and provide depreciation @10% p.a. on reducing balance method. Determine the cash price of the machine and show the relevant accounts in the books of John.

18. A company has following transactions at the given dates and the price indices for the first quarter of 2012.

	Rs.	Price Index
Opening balance ( Jan 1)	6,000	100
Cash sale ( Feb 1 )	17,500	105
Payment to creditors ( Mar 1 )	12,000	108
Cash purchase ( Mar 1 )	2,000	108
Payment of expenses ( Mar 31 )	2,000	110
Closing balance ( Mar 31 )	7,500	110

Calculate monetary gain or loss

SECTION -C

ANSWER ANY TWO QUESTIONS

( 2x20=40)

19. Mr. Rajesh keeps his books on Single entry system. From the following particulars prepare Trading and Profit and loss account and the Balance sheet as on 31.12.2003:

On 01.01.2003 his assets and liabilities were as follows:

	RS.
Stock	50,000
Sundry debtors	60,000
Machinery	60,000
Furniture	5,000
Sundry creditors	30,000
Bank Overdraft	10,000

The cash book gives the following information:      Rs. Rs.

Receipt from debtors	80,000	Interest on bank O/D	1,500
Cash Sales	30,000	Salaries	5,000
Payment of creditors	40,000	Drawings	4,000
Cash purchases	25,000	General expenses	8,000
Rent	2,200		

Discount allowed to debtors was Rs.4,000 and discount earned from creditors was Rs.2,500. Goods worth Rs.3,000 were returned by the customers and goods worth Rs.1,500 were returned to suppliers.

On 31.12.2003 his position was as follows:

	Rs.		Rs.
Stock	45,000	Machinery	60,000
Sundry debtors	70,000	Furniture	5,000
Bills receivable	6,000	Sundry creditors	25,000
Bills payable	4,000	Salary outstanding	500

Depreciation on machinery at 10% and furniture at 6%.

20. Mr. Ravi purchased a machinery from Kumar & co., on hire purchase system on 01.01.1995. The cash price of the machine was Rs.1,00,000, Rs.20,000 to be paid at the time of taking delivery and balance by four installments of Rs.20,000 plus interest @5% on yearly balances.

Ravi failed to pay the installment due on 31.12.1996. Kumar took possession of the machinery and valued the same in their books after charging depreciation @10% on reducing balance method. In 1997 Kumar & Co incurred Rs.1,000 for reconditioning and re-sold the machinery for Rs.90,000.

Show the ledger accounts in the books of Mr. Ravi and Kumar & Co.,

21. P.S.& SONS purchased a machinery for Rs.35,000 on 01.01.2004. It purchased another machinery costing Rs.7,500 on 01.08.2005. Again on 30.09.2008, it purchased another machinery for Rs.10,000. It is charging depreciation @ 15% p.a. under diminishing balance method.

On 01.01.2008, it was decided to change the method and rate of depreciation to 10% on straight line basis with retrospective effect from 01.01.2004. The accounts are closed every year on 31<sup>st</sup> December. Calculate the difference in depreciation to be adjusted in the Machinery Account on 01.01.2008 and show the ledger account for the years 2004 to 2008.

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