



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2017

### 16UCO1MC01- FINANCIAL ACCOUNTING

Date: 19-04-2017  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

#### Part – A Answer ALL (10x2=20)

1. What is balance Sheet?
2. Define Depreciation.
3. Calculate the capital at the beginning of the year from the following:  
Capital at the end of the year –Rs.35, 000  
Drawings during the year – Rs. 5,000  
Capital introduced during the year – Rs.2, 500  
Profit during the year – Rs.10, 000.
4. Calculate purchases:  
Cost of goods sold – Rs.4, 00,000  
Opening stock – Rs.50, 000  
Closing stock – Rs.60, 000.
5. What are the features of Dependent Branches?
6. Write any two advantages of preparing Departmental Accounts.
7. What is Instalment Purchase System?
8. What do you understand by Hire Purchase Trading Account?
9. What is Royalty?
10. What is Average Clause in Fire Insurance?

#### Part – B Answer any FOUR (4x10=40)

11. Distinguish between double entry and single entry system.
12. Explain the causes of depreciation.
13. Prepare Trading and Profit & Loss A/c from the following Trial Balance of Mr. Madan:

Debit balances	Rs.	Credit balances	Rs.
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	5,600	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	10,000		
Cash in hand	2,060		
TOTAL	4,02,600	TOTAL	4,02,600

Adjustments: (1) Stock on hand on 31-12-2006 Rs.90, 000. (2) Provide depreciation on Premises at 2.5%, Plant & Machinery at 7.5% and Furniture at 10% (3) Write off Rs.800 as further bad debts.(4) Provide for doubtful debts at 5% on debtors. (5)Outstanding rent was Rs.500 and Outstanding wages Rs.400. (6) Prepaid Taxes Rs.300 and prepaid salaries Rs.700.

14. A machine purchased on 1<sup>st</sup> July 2003 at a cost of Rs.14, 000 and Rs.1, 000 was spent on installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31<sup>st</sup> December every year. The machine was sold for Rs, 9,500 on 31<sup>st</sup> March 2006. Show the machinery account for all the years.
15. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

Particulars	Rs.
Stock on 1.1.2009(invoice price)	27,900
Debtors on 1.1.2009	20,400
Goods invoiced to the branch(invoice price)	1,53,000
Cash sales	75,000
Cash collected from debtors	91,200
Goods returned by debtors	3,600
Goods returned to H.O. by branch	4,500
Discount allowed	600
Shortage of stock	1,350
Expenses at branch	16,200
Bad debts	600
Credit sales	93,000

16. A fire occurred in the premises of X Ltd. on 10-10-2011. All stocks were destroyed except to the extent of Rs.6, 200. From the following figures, ascertain the loss of stock suffered by the company:

	Rs.
Stock on 1-1-2010	40,000
Purchases during 2010	1,45,000
Sales during 2010	2,00,000
Stock on 31-12-2010	25,000

Purchases during 2011 upto the date of fire	1,52,200
Sales during 2011 upto the date of fire	1,89,000

17. On 1-1-2012, Rama Collieries Ltd., leased a piece of land agreeing to pay a minimum rent of Rs.2,000 in the first year, Rs.4,000 in the 2<sup>nd</sup> year and thereafter Rs.6,000 p.a., merging into a royalty of 40 paise per tonne, with power to recoup shortworkings over the first three years only. The figures of annual output for the four years to 31<sup>st</sup> December 2015 were 1,000, 10,000, 18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.

### Part – C

Answer any **TWO**

(2x20=40)

18. Shri V.P.Rao does not maintain the regular books but keeps only memoranda of his transactions. He furnishes the following information from the memoranda for the year ended 30-09-2007.
- Total collection from debtors (in cash) – Rs.3,00,000
  - Cash sales – Rs.1,92,000
  - The abstract of the bank account for the year ended 30-09-2007.

	Rs.		Rs.
To Deposits	4,79,100	By balance (overdraft) on 1-10-2006	48,000
		By interest and bank charges	900
		By Drawings	24,000
		By Salaries	1,02,000
		By General Expenses	95,100
		By Creditors	1,80,000
		By Balance on 30-09- 2007	29,100
Total	4,79,100	Total	4,79,100

- Other balances as on 1-10-2006 were: Stock – Rs.1,08,000; Debtors – Rs.2,64,000; Furniture – Rs. 12,000; Buildings – Rs.1,80,000; Creditors – Rs. 96,000; Cash in hand – Rs.1,000.
- He purchased an old scooter at Rs.12, 000 on 1-7-2007.
- Besides cash balances other balances on 30-09-2007 were: Stock – Rs.1, 22, 400; Debtors – Rs.3, 60,000; Creditors – Rs. 66,000. Prepare Trading and P&L Account for the year ended 30-09-2007 and a Balance Sheet on that date. After charging depreciation @10% on Buildings, Furniture and Scooter.

19. A firm had two departments, cloth and readymade garments. The garments were made by the firm itself out of cloth supplied by the cloth departments at the usual selling price. From the following figures, prepare departmental trading and P&L A/c for the year ended 31.3.2004.

	Cloth dept. (Rs.)	Readymade dept. (Rs.)
Opening stock on 1.4.2003	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments dept.	3,00,000	-----
Manufacturing expenses	-----	60,000
Selling expenses	20,000	6,000
Stock on 31.3.2004	2,00,000	60,000

The stock in the readymade garments dept. may be considered as consisting of 75% cloth and 25% other expenses. The cloth dept. earned gross profit @15% in 2002-03. General expenses of the business as a whole came to Rs.1, 10,000.

20. Banerjee & Co. purchased 7 trucks on hire purchase on 1<sup>st</sup> July, 2008. The cash price of each truck was Rs.50, 000. The company has to pay 20% of the cash purchase price at the time of delivery and the balance in five half yearly installment starting from 31<sup>st</sup> December, 2008 with interest at 5% per annum at half yearly rest. On the company's failure to pay the installment due on 30<sup>th</sup> June, 2009, it was agreed that the company would return 3 trucks to the vendor and the remaining 4 would be retained. The returning price of three trucks were Rs. 40,500 each. Show the relevant accounts in the books of the purchaser and vendor assuming the books are closed in June every year and depreciation @20% p.a. is charged on trucks. Vendor after spending Rs.1, 000 on repairs sold away all the three trucks for Rs.40, 000 each.
21. A second hand machine was purchased on 1-1- 2008 for Rs.40, 000. Overhauling and installation expenses for the same machine amounted to Rs. 10,000. Another machine was purchased on 1-7-2008 for Rs. 20,000. On 1-7-2010, the machine installed on 1-1- 2008 was sold for Rs.25, 000. Dismantling charges for the machine sold on 1-7-2010 was Rs. 1,000. On the same date another machine was purchased for Rs.80, 000 and commissioned on 30-9-2010. The company had adopted calendar year as its financial year. Under the existing practice, the company provides depreciation @10% p.a. on original cost. In 2011, it has been decided that depreciation will be charged on diminishing balance @15% p.a. The change is not to be made with retrospective effect. Show machinery account from 2008 to 2012.

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