LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIRST SEMESTER – **APRIL 2018**

17/16UCO1MC01– FINANCIAL ACCOUNTING

Date: 25-04-2018　　Dept. No. 　　Max. : 100 Marks

Time: 01:00-04:00

PART – A　　(10 * 2 = 20 Marks)

Answer ALL Questions. All Questions carry equal marks.

1. Define ‘Single Entry System’.
2. What is meant by ‘Balance Sheet’?
3. What do you understand by ‘Dependent Branch’?
4. What is meant by ‘Hire Purchase System’?
5. What do you understand by ‘Salvage Value’?
6. A Company purchased a plant for Rs.60,000. The useful life of the plant is 10 years and the residual value is Rs.15,000. Find out the rate of depreciation under the straight line method.
7. Find out the profit from the following data.

Particulars	Rs.
Capital at the beginning of the year	8,00,000
Drawings during the year	2,00,000
Capital at the end of the year	9,00,000
Capital introduced during the year	50,000

8. From the following information, Compute Opening Branch Debtors:

Particulars	Rs.
Credit sales	51,000
Received from debtors by the branch	42,500
Branch Debtors (Closing)	7,700
Discount allowed to customers by branch	1,800

9. From the following information, Calculate Cash Price of a machine:

Particulars	Rs.
Down Payment	10,000
4 annual installments at the end of each year	10,000
Rate of interest 5% p.a	

10. Calculate insurance claim from the following facts assuming that the insurers met their liability under the policy on an ‘average basis’.

    A trader’s stock valued at Rs.40,000 was totally destroyed. The stock in the godown was insured for Rs.30,000 subject to average clause. The balance of stock, left after fire, appeared in the books at Rs.24,000.

PART – B (4 * 10 = 40 Marks)

Answer any FOUR Questions. All Questions carry equal marks.

11. What are the advantages and disadvantages of Diminishing Balance Method of providing depreciation?
12. What are the limitations of Single Entry System of book-keeping?
13. M/s. Maruthu & Sons has two departments; cloth and readymade. Readymade clothes are manufactured by the firm itself out of cloth supplied by the cloth department at its usual selling rate. From the following figures, prepare departmental trading and P & L A/c and General P & L A/c for the year ending 31-12-91.

Particulars	Cloth Dept. Rs.	Readymade Dept. Rs.
Opening Stock on 1-1-91	3,60,000	60,000
Purchases	29,00,000	20,000
Sales	35,00,000	7,00,000
Transfer to Readymade Dept.	4,50,000	---
Manufacturing Expenses	---	1,40,000
Closing Stock on 31-12-91	1,00,000	48,000

General expenses incurred for both the departments were Rs.1,20,000.

The stocks in the Readymade department may be considered as consisting of $66^{2}/_{3}$% cloth and $33^{2}/_{3}$% other expenses. The cloth department earned profit at the rate of 18% in 1990.

14. Find out the purchases and sales from the following details by preparing necessary accounts:

Particulars	Rs.
Opening balance of debtors	35,000
Opening balance of creditors	15,000
Collections from debtors	1,65,000
Discount received	7,500
Bad Debts	6,000
Payment to creditors	19,000
Discount allowed	6,500
Returns inwards	7,000
Returns outwards	8,000
Cash purchases	11,000
Cash sales	15,000
Closing balance of debtors	40,000
Closing balance of creditors	20,000

15. Afire occurred in the premises of M/S Poonusamy on 15- 10- 2009.From the following particulars ascertain the loss of stock and prepare claim for insurance.

Particulars	Rs.
Stock as on 1- 1-2008	30,600
Purchase during 2008	1,22,000

Sales during 2008	1,80,000
Stock as on 31-012-2008	27,000
Purchase from 1-1-2009 to 14-10-2009	1,47,000
Sales from 1-1-2009 to 14-10-2009	1,50,000

The stock was always valued at 90% of cost. The stock saved from the fire was worth Rs. 18,000.The amount of policy was Rs. 63,000. There was an average clause in the policy.

16. Ram Co. Ltd. trades in refrigerators on hire purchase system and the accountant furnished the following information for the year 1995:

Year	Particulars	Rs.
1.1.95	Stock in Shop	30,000
	Installments due and unpaid	18,000
	Stock out with customers at H.P. Price	2,40,000
31.12.95	Stock in Shop	42,000
	Installments due and unpaid	30,000
	Stock out with customers at H.P. Price	2,76,000
	Cash received during the year	4,80,000

He has further stated that the company makes a gross profit of one third on cost. You are required to prepare the relevant accounts to ascertain profit for the year under Debtors Method.

17. On 1-1-2004 a machinery was purchased for Rs. 80,000.On 1- 1-2005 additions were made to the amount of Rs. 40,000.On 31-03-2006 the machinery purchased on 1-1-2004 costing Rs. 32,000 was sold for Rs. 26,700. On 1-10-2006 additions were made to the extent of Rs. 20,000. Depreciation was provided @10% p a on the diminishing balance method .Books are closed on 31st December every year. Show machinery account from 2004 to 2006.

PART – C (2 * 20 = 40 Marks)
Answer any TWO Questions. All Questions carry equal marks.

18. The following are the ledger balances extracted from the books of Vasanthy.

Particulars	Rs.	Particulars	Rs.
Vasanthy's Capital	50,000	Sales	3,01,000
Bank Overdraft	8,400	Return inwards	5,000
Furniture	5,200	Discount (Cr)	800
Business Premises	40,000	Taxes & Insurance	4,000
Creditors	26,600	General Expenses	8,000
Opening Stock	44,000	Salaries	18,000
Debtors	36,000	Commission allowed	4,400
Rent from tenants	2,000	Carriage on purchases	3,600
Purchases	2,20,000	Provision for Doubtful Debts	1,000
		Bad debts written off	1,600

Adjustments:-

i. Stock on hand on 31-12-1995 was estimated at Rs.40,120.
ii. Write off depreciation on business premises Rs.600 and furniture Rs.520.
iii. Make a provision of 5% on debtors for bad & doubtful debts.
iv. Allow interest on capital at 5% and carry forward Rs.1,400 for unexpired insurance.

Prepare Final Accounts for the year ended 31-12-1995.

19. On 1-1-2004 Mr. X a television dealer bought 5 television sets from Superfine Television Company on hire purchase system. The cash price of each television set was Rs. 20,000. It was agreed that Rs 25,000 should be paid immediately and the balance in three installments of Rs.30,000 each.at the end of each year. The television company charges interest @ 10% p a. The buyer depreciates the televisions sets at 20% p a on the diminishing balance method.
Mr. X paid the cash down and the two installments but failed to pay the last installment. Consequently the Television Company repossessed three sets and leaving two sets with buyer and adjusting the value 3 sets against the amount due. The sets repossessed were valued on the basis of 30% depreciation in written down value method annually. The setsrepossessed were sold for Rs 30,000 by the Television Company after making the necessary repairs amounting to rs. 5,000. Open necessary ledger accounts in the books of both parties.

20. Bihar Coal Ltd took a lease of a colliery from Himalaya Coal Ltd on 1stJanuary 2012 at a minimum rent of Rs 15,000 merging into a royalty for Re. 1 per ton with a stipulation to recoup shot workings over the first three years of the lease. The output for the first four years of the lease was 8,000, 13,000, 21,000, and 18,000 tons respectively. Prepare the ledger necessary accounts in the books of Bihar Coal Ltd

21. Meenashi Mills Ltd has a branch at Madurai are invoiced to the 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 prepare necessary ledger accounts on the stock and debtors system.

Particulars	Rs.
Stock as on 1st January 2005 (invoice price)	15,600
Debtors as on 1st January 2005	8.700
Goods Invoiced to Branch (cost)	36,000
Sales at Branch	
Cash sales	35,000
Credit sales	30,100
Cash collected from Debtors	29,800
Goods returned by Debtors	1.500
Surplus in stock	300
Discount allowed to customers	350
Expenses at Branch	6,700

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