

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



## B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2018

### CO 1502– FINANCIAL ACCOUNTING

Date: 02-05-2018  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

#### **SECTION A**

**Answer ALL the Questions**

**(10 X 2=20)**

1. What is meant by balance sheet?
2. Cost of the asset - Rs.8,900  
Residual value - Rs. 500  
Estimated Life - 6 yrs  
Determine the amount of depreciation to be written off, when straight line method is followed
3. Explain straight line method of depreciation.
4. From the following details calculate the value of opening stock.  
Closing stock - Rs.68,000, Total sales - Rs.4,80,000, Total purchases - Rs.3,60,000  
Goods sold at a profit of 25% on cost.
5. In departmental accounting, on what basis the following expenses are apportioned a) Depreciation b) Rent c) Freight d) Carriage inwards
6. Prepare a branch account from the following particulars,  
Goods sent to branch - Rs.25,000, Cash sales - Rs.10,000, Credit sales - Rs.18,000, Cash received from Debtors - Rs.16,000, Cash sent to branch for expenses - Rs.3,500, Closing stock - Rs.5,000
7. What is meant by Inter departmental transfers ?
8. Based on the particulars given below, calculate the cash price  
Down payment Rs.20,000, Three annual instalments Rs.20,000 each, Rate of Interest 5%
9. What is meant by Down payment?
10. What is meant by Social Responsibility Accounting ?

#### **SECTION B**

11. Distinguish between Hire Purchase and Instalment Purchase system
12. (a) What are the differences between single entry system and double entry system?  
(b) Write a short note on: (i) Provision for bad and doubtful debts (ii) Unexpired insurance.
13. Mr. Akash keeps his record under Single Entry System. Assets and liabilities as on 31<sup>st</sup> December 2011 stood as follows.,  
Bank balance - Rs.1,000, Stock - Rs.7,000, Sundry debtors - Rs.15,000, Furniture - Rs.3,000, Sundry creditors – Rs.3,000  
Assets and liabilities as on 31<sup>st</sup> December, 2012  
Cash-Rs.2,000, Bank balance-Rs.10,000, Stock-Rs.10,000, Sundry debtors-Rs.20,000, Furniture-Rs.3,000, Sundry creditors-Rs.6,000. He introduced an additional capital of Rs.3,000 during the year. He withdrew Rs.500 pm for his domestic purpose. Find out the profit.

14. Trial Balance of Sham Ltd as on 31.12.2012:

Particulars	Dr. Rs.	Cr. Rs.
Sundry debtors	41,000	-
Provision for bad debts	-	600
Bad debts	750	-

Adjustments:

- i. Write off further bad debts Rs.1,000.
- ii. Increase provision for bad debts up to 5%.
- iii. Create provision for discount on debtors at 1.5%.

Pass journal entries and prepare provision for bad debts account, profit and loss account and balance sheet for the above transactions.

15. A machinery was purchased on hire purchase basis by agreeing to pay four annual instalments of Rs.4,230 each at the end of each year commencing from the date of agreement. Interest is charged at the rate of 5% and is included in annual payments of Rs.4,230. Show the Machinery A/c and Hire vendor A/c in the books of the hire purchaser. When he committed a default in paying third instalment, the asset was repossessed. The purchaser provides depreciation on machinery at the rate of 10% per annum on straight line method.

16. On 01.01.2012, X purchased a machine for Rs.50,000. On 01.07.2013 additions were made for Rs.10,000. On 01.04.2014 Rs.6,400 worth additions were made. On 31.12.2014,  $\frac{1}{4}$  th of the first machine purchased on 01.01.2012 was sold for Rs.7,000. Show the machinery A/c from 2012 to 2014 in the books of X under diminishing balance method @ 10% per annum and assuming that accounts are closed on 31<sup>st</sup> December every year.

17. The following information relates to Madurai branch :

Particulars	Rs.	Rs.
Stock on 01.01.2014		11,200
Branch debtors on 01.01.2014		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 :		
Cheques sent by branch during 2014		
Cash	25,000	
Credit	39,000	64,000
Cash received from debtors		41,200
Stock on 31.12.2014		13,600

Prepare Branch A/c for the year 2014.

## SECTION C

Answer any TWO questions

2 X 20 = 40

18. Explain the various methods of Human Resource Accounting.

19. Prepare Trading, Profit and Loss Account and Balance Sheet from the following trial balance of Mr.Madan

Debit Balance	Rs.	Credit Balance	Rs.
Sundry debtors	78,200	Madan's capital	80,000
Plant and machinery	20,000	Purchase returns	1,740
Interest and Bank charges	400	Sales	2,50,850
Insurance and Tax	4,250	Sundry creditors	44,560
Goodwill	25,000	Bank loan	15,000
Manufacturing Wages	34,500	Provision for Bad debts	2,000
General expenses	8,200		
Factory fuel and power	1,280		
Factory lighting	950		
Sales returns	3,100		
Purchases	1,02,000		
Freight on Purchases	1,860		
Freight on Sales	2,140		
Opening stock	34,200		
Motor car	12,000		
Manufacturing expenses	9,500		
Salaries	15,850		
Bad debts	1,400		
Buildings	24,000		
Furniture and Fixtures	10,000		
Cash in hand	1,120		
Cash at Bank	4,200		
<b>Total</b>	<b>3,94,150</b>		<b>3,94,150</b>

Adjustments :

- (i) Stock on hand on 31<sup>st</sup> Dec 2015 is Rs.30,500
- (ii) Provide depreciation on Motor car by Rs.1000 ; Plant and machinery by 10% ; Furniture by 5%
- (iii) Providing for doubtful debts at 5% on sundry debtors
- (iv) Commission of 1% on gross profit is to be provided to Works Manager

20. From the following information prepare Departmental Trading Profit & Loss A/c of the three Departments of M/s Sharma Dry Cleaners Ltd.,

Particulars	Dry cleaning Rs.	Darning Rs.	Dyeing Rs.
Stock on 01.01.2016	4,00,000	3,40,000	9,40,000
Stock on 31.12.2016	3,30,000	4,38,000	8,17,000
Purchases	19,59,000	6,97,000	13,73,000
Sales	40,00,000	20,00,000	40,00,000
Wages	7,28,000	3,00,000	2,46,000

Goods were transferred from one Department to another at cost price as follows.,

1. Darning to Dry cleaning Rs.2,400 and to Dyeing Rs.40,200
2. Dyeing to Dry cleaning Rs.25,800 and to Darning Rs.18,000
3. Dry cleaning to Darning Rs.3,000 and to Dyeing Rs.24,000

Apportion equally the following items,

Stationery – Rs.5,418, Postage – Rs.4,050, General Expenses – Rs.2,37,618,

Insurance – Rs.10,080, Depreciation – Rs.32,598

Rent and Taxes Rs.1,80,000 is to be split in proportion to the space occupied in the ratio of Dry cleaning 4 , Darning 2, Dyeing 2 and other space 2

21. A head office in Chennai Invoices goods to its branch at Trichy at cost. The head office paid all the branch expenses from its Bank except petty cash expenses which were paid by the branch. From the following details relating to the branch, prepare Branch stock A/c, Branch debtors A/c and Branch P&L A/c

Particulars	Rs.	Particulars	Rs.
Opening stock	21,000	Discount to customers	4,200
Debtors (Opening)	37,800	Bad debts	1,800
Petty cash (Opening)	600	Salaries and wages	18,600
Goods sent from Head office	78,000	Goods returned by customers to branch	1,500
Goods returned to HO	3,000	Rent & rates	3,600
Cash sales	52,500	Debtors ( Closing )	29,400
Advertisements	2,400	Petty cash (Closing)	300
Cash received from debtors	85,500	Credit sales	85,200
Closing Stock	19,500		
Allowances to customers	600		

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