

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com.DEGREE EXAMINATION –COMMERCE

FIRST SEMESTER – APRIL 2019

CO 1502– FINANCIAL ACCOUNTING

Date: 02-04-2019

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

PART – A

Answer ALL Questions:

10 x 2 = 20

1. What do you mean by instalment purchase system?
2. Write short note on “Environmental Accounting”.
3. Explain the term “Inter departmental transfer at profit”.
4. Explain the meaning of self-balancing ledgers.
5. List out any four causes for depreciation.
6. An asset is purchased for Rs.25,000. Depreciation is to be provided annually according to the straight line method. The useful life of the asset is 10 years and the residual value is Rs.,
7. Find out the profit from the following data:

	Rs.
Capital at the beginning of the year	8,00,000
Drawings during the year	1,80,000
Capital at the end of the year	9,00,000
Capital introduced during the year	50,000
8. The Kanpur shoe company opened a branch at Delhi in 2008. From the following particulars, prepare Delhi branch a/c for the year 2008.

	Rs.
Goods sent to branch	15,000
Cash sent to branch for expenses	6,000
Cash received from the branch	24,000
Stock on 31-12-88	2,300
Petty cash in hand	40

9. 1.1.2006, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing the contract) & Rs.4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest is 5%. Calculate the interest in each year's instalment.
10. What is IFRS?

PART – B

Answer any FOUR questions:

4 x 10 = 40

11. Distinguish between Hire Purchase system and Instalment system.
12. Define Social Responsibility Accounting. Explain its needs?
13. The following information is given to you regarding 'X' Ltd, for the year ended 31.3.2007.

	1.4.2006	31.3.2007
	Rs.	Rs.
Monetary Assets	80,000	80,000
Monetary liabilities	1,00,000	1,00,000
Retail price index	200	300

Ascertain gain or loss on monetary items.

14. A trader has not kept proper books of accounts. The following balance sheet shows his position on 31-3-2004 and 31-3-2005:

	31-3-2004 Rs.	31-3-2005 Rs.
Cash in hand	1,000	1,500
Cash at bank	15,000	10,000
Stock	1,00,000	70,000
Debtors	42,500	85,000
Furniture	10,000	10,000
Machinery	75,000	75,000
Creditors	1,25,000	1,45,000

During the year 2004-2005, he introduced Rs 25,000 as additional capital and withdrew Rs 5,000 per month. Depreciate furniture by 5% and machinery by 10% per year. Ascertain profit for the year ended 31-3-2005 and prepare a balance sheet as on that date.

15. A limited company purchased a Plant for Rs.10,000 on 1.1.2001. On 1.7.2001 an additional Plant was bought costing Rs.5,000. On 1.7.2002, the Plant bought on 1.1.2001 was sold off for Rs.4,000. On 1.7.2003 a fresh Plant was purchased for Rs.12,000 and the Plant bought on 1.7.2001 was sold at Rs.4,200. Depreciation is provided at 10% on original cost on 31st Dec every year. Draw up the Plant account till the end of 31.12.2003.

16. The following information is given by Maran a merchant for the year ended 31.12.2006

Sales Dept I	70,000	Purchases Dept I	43,000
Dept II	30,000	Dept II	25,000
Stock (1.1.2006)		Salary	5,400
Dept I	3,400	Commission	2,200
Dept II	1,100	Advertisement	5,800
Debtors	23,000	Bank charges	120
Office furniture	1,080	Stationery	2,700
Rent	1,800	Wages	10,000
Insurance	2,400		

Provide depreciation at 10% on furniture. Bad debts Rs.300. Create 10% provision for discount on debtors. Stock on 31.12.2006 Dept I Rs.4,000 and Dept II Rs.1,680.

From the above information prepare the Departmental Trading & Profit & Loss A/c. Expenses are allocated on the basis of sales.

17. Mr P purchased 4 cars for Rs.14,000 each on 1.1.2002 under the Hire Purchase system. The hire purchase price for all the 4 cars was Rs.60,000 to be paid as Rs.15,000 down payment & 3 equal instalments of Rs.15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a on straight line method.

From the above particulars give journal entries and prepare ledger accounts in the books of Mr. P

PART – C

Answer any TWO questions:

2 x 20 = 40

18. The following trial balance is extracted from the books of J.Leoni, Bangalore on 31.12.91

Debit balances	Rs.	Credit balances	Rs.
Furniture	600	Capital	12,000
Motor vehicles	6,500	Discount	200
Buildings	7,500	Sundry creditors	3,000
Insurance	300	Sales	15,000
Sundry debtors	3,800	Bank overdraft	3,000
Stock (1.1.91)	3,500	Purchase returns	200
Purchases	5,500	Commission	600
Sales returns	200		

Advertising	450		
Interest	200		
Cash	650		
Taxes	1,000		
General Expenses	800		
Salaries	3,000		

Adjustments:

- Closing stock on 31.12.91 was Rs.3,200
- Depreciate Buildings at 5%, Furniture of 10% and Motor Vehicle at 20%
- Salaries Rs.300 and Taxes Rs.200 are outstanding
- Insurance amounting to Rs.100 prepaid
- Provision for bad debts is to be made at 5% on debtors.

Prepare Trading and Profit & Loss account for the year ending 31.12.1991 and a Balance Sheet as on that date.

19. Krishna sells product on Hire Purchase terms, the price being cost plus 33 1/3 %. From the following particulars for the year ended 31.12.2003, prepare the necessary accounts on Stock & Debtors system to reveal the profit earned.

		Rs.
1.1.2003	Stock out on hire at H.P price	16,00,000
	Stock in hand at shop	2,00,000
	Instalment due (customers still paying)	1,20,000
31.12.2003	Stock out on hire at HP price	18,40,000
	Stock in hand at the shop	2,80,000
	Instalment due (customers still paying)	2,00,000
	Cash received during the year	32,00,000

20. The Mumbai Commercial company invoiced goods to its Jabalpur Branch 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
- Branch Expenses A/c
- Branch P & L A/c

	Rs.		Rs.
Stock (Opening)	21,000	Discount to customers	4,200
Debtors (Opening)	37,800	Bad Debts	1,800
Petty Cash (Opening)	600	Goods returned by customers to branch	1,500
Goods sent from H.O.	78,000	Salaries & Wages	18,600
Goods returned to H.O.	3,000	Rent & Rates	3,600
Cash Sales	52,500	Debtors (Closing)	29,400
Advertisement	2,400	Petty Cash (Closing)	300
Stock (Closing)	19,500	Credit Sales	85,200
Allowances to customers	600	Cash receivedd from debtors	85,500

21. Explain the various methods of valuation of Human Resource Accounting.
