

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION - COMMERCE

FIRST SEMESTER – NOVEMBER 2015

CO 1502 - FINANCIAL ACCOUNTING

Date : 04/11/2015

Dept. No.

Max. : 100 Marks

Time : 01:00-04:00

SECTION A

Answer ALL the Questions

(10 X 2=20)

1. What are the approaches to Social Responsibility Accounting ?
2. Mention the different methods of Inflation accounting.
3. What is a trading account ?
4. What is repossessed stock ?
5. Cost of the asset – Rs.1,05,000, Scrap value – Rs.5,000, Estimated life time – 10 yrs.
You are required to determine the amount to be written off. Assume straight line method of depreciation.
6. X purchased machinery under hire purchase agreement from Y. The cash price of the machinery was Rs.15,500. The payment was to be made as follows; On signing the agreement – Rs.3,000, First year end-Rs.5,000, Second year end – Rs.5,000, Third year end – Rs.5,000, Calculate interest for each year.
7. Capital on 01.04.2004 Rs.50,000, Drawings @ Rs.1,000 per month at the beginning of every month. Interest on capital @ 12% p.a. Interest on drawings at 6% p.a.
Capital on 31.03.2005 Rs.80,000. Calculate profit for 2004-2005.
8. A company opened a branch in 2008. From the following particulars, prepare Branch A/c for the year 2008.
Goods sent to Branch – Rs.15,000, Cash sent to Branch for expenses – Rs.6,000, Cash received from the branch – Rs.24,000, Stock on 31.12.2008 – Rs.2,300, Petty cash in hand Rs.40
9. In departmental accounting, on what basis the following expenses are apportioned ;
a) Freight outwards b) Depreciation c) Carriage inwards d) Canteen expenses
10. What is meant by accrued income?

SECTION B

Answer any **FOUR** questions :

(4 X 10 = 40)

11. Define depreciation and explain the causes of depreciation
12. What are the features of 'Dependent Branch'
13. A second hand machine was purchased on 01.01.1990 for Rs.30,000 and repair charges amounted to Rs.6,000. It was installed at a cost Rs.4,000. On 1st July 1991, another machine was purchased for Rs.26,000. On 1st July 1992 the first machine was sold for Rs.30,000. On the same day one more machine was bought for Rs.25,000. On 31.12.1992, the machine bought on 1st July 1991 was sold for Rs.23,000. Accounts are closed every year on 31st December. Depreciation is written off at 15% per annum. Prepare the Machinery A/c for 3 years ending 31.12.1992.
14. Ravi keeps his books by single entry system. His position on 31.12.2002 was as follows.,
Cash Rs.3,200; Debtors Rs.28,500; Machinery Rs.16,800; Creditors Rs.22,000. He introduced further capital of Rs.5,000 and withdrew Rs.9,000 in the year.
On 31.12.2003 his position was as follows.,
Cash Rs.3,200; Debtors Rs.14,000; Creditors Rs.29,000; Stock in trade Rs.19,000; Machinery Rs.28,500.
Prepare a statement showing Profit and Loss made by him for the year ended 31.12.2003
15. From the following details of a businessman who sells goods of small value at cost plus 50%, Prepare Hire Purchase Trading A/c

01.01.1990	Stock out with the customers at H.P Price	Rs. 9,000
	Stock at shop at cost price	Rs.18,000
	Instalments due but not received	Rs. 5,000
31.12.1990	Goods worth Rs.500 repossessed (Inst. not due Rs.2,000)	
	Cash received from customers	Rs.60,000
	Purchases made during the year	Rs.60,000
	Stock at cost at shop (excluding the goods repossessed)	Rs.20,000
	Instalments due but not received	Rs. 9,000
	Stock out at Hire Purchase price with customers	Rs. 30,000

16. The Chennai Commercial Co., invoiced goods to its Coimbatore 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

- (1) Branch Stock A/c
- (2) Branch Debtors A/c
- (3) Branch Expenses A/c
- (4) Branch P&L A/c

Particulars	Rs.	Particulars	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	
Goods sent from head	78,000	customers to branch	1,500
office		Salaries & wages	18,600
Goods returned to head	3,000	Rent & rates	3,600
office		Debtors (closing)	29,400
Cash sales	52,500	Petty cash (closing)	300
Advertisements	2,400	Credit sales	85,200
Cash received from Debtors	85,500		
Stock (closing)	19,500		
Allowances to customers	600		

17. The provision for Bad and doubtful debts account shows a balance of Rs.2,000 on 1st January 2004. The Bad debts during the year 2004 amount to Rs.1,600. The sundry debtors on 31st December 2004 are Rs.32,000. Create a new provision for Bad debts @ 5%. Show the journal, ledger, Profit & Loss account and Balance sheet

SECTION C

Answer any **TWO** questions

2 X 20 = 40

18. Define Human Resources Accounting. What are its objectives? Explain the advantages and limitations of Human resources accounting.

19. A firm has two departments viz., Stores Department and Food Production Department. The food items are produced by the firm itself out of goods supplied by the stores department at its usual selling price.
From the following figures, prepare Departmental Trading and Profit & Loss A/c for the year 2004.

Particulars	Stores Rs.	Food Production Rs.
Opening stock	30,000	6,000
Purchases	2,25,000	3,000
Sales	2,50,000	75,000
Transfer to Food production department	50,000	-
Production expenses	-	8,500
Selling expenses	5,000	500
Closing stock	37,500	7,500

General expenses of the business as a whole came to Rs.22,500. The stock in food production department may be considered as consisting of 80% groceries and rest as expenses. The stores department made a gross profit of 25% in 2003.

20. Baskar does not maintain his accounts books in double entry system. Following particulars were extracted from his books.,

	01.01.2008 Rs.	31.12.2008 Rs.
Machinery	2,50,000	2,50,000
Stock	2,20,000	1,95,000
Sundry debtors	80,000	2,55,000
Sundry creditors	1,25,000	1,00,000
Cash in hand	4,000	8,000
Cash at bank	62,500	70,000

Cash book of 2008 shows following transactions:

Cash received through cash sales Rs.3,12,500 ; cash received from sundry debtors Rs.16,00,000; cash paid for purchases Rs.2,88,500; cash paid to sundry creditors Rs.13,20,000; general expenses of business Rs.2,14,500; wages paid Rs.1,50,000; drawings Rs.68,000.

Baskar has taken goods worth Rs.19,500 from business for his personal use.

He didn't pay any amount for that.

After writing off 10% depreciation on machinery prepare Trading and Profit & Loss A/c for the year ending 31.12.2008 and also balance sheet as on that date.

21. Mr. Balu purchased s machinery from Kumar & Co., on hire purchase system on 01.01.2005. 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 four instalments of Rs.20,000 plus interest @5% on yearly balances.

Balu failed to pay the instalment due on 01.01.2006. Kumar & Co., took possession of the machinery and valued the same in their books after charging depreciation @ 10% p.a on Reducing Balance method. In 2007 Kumar & Co., incurred Rs.1,000 for reconditioning and resold the machinery for Rs.90,000.

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