

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



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

**FIRST SEMESTER – NOVEMBER 2019**

**16/17/18UCO1MC01 – FINANCIAL ACCOUNTING**

Date: 30-10-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

**SECTION - A (10 X 2 = 20 MARKS)**  
**(Answer Any TEN Questions)**

1. Define Accounting
2. State any three differences between single entry and double entry system accounting.
3. What is Repossessed stock?
4. What do you mean by Royalty?
5. Mention any two causes of Depreciation.
6. What are the different kinds of Branches?
7. A company purchased a plant for Rs.50,000. The useful life of the plant is 10 years and the residual value is Rs.10,000. Find out the rate of depreciation under the straight line method.
8. Calculate profit for the year ending 2017 from the following information:  
Capital as on 1.1.2017- Rs.32,000  
Capital as on 1.1.2018-Rs.36,000  
Drawings during the year –Rs.10,000  
Capital introduced in August 2017 –Rs.6,000
9. Calculate insurance claim from the following information assuming that the insurers met their liability under the policy on 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
10. Mr. X purchased a machine on hire purchase system Rs.3000 being paid on delivery and the balance in five instalments of Rs.6,000 each, payable annually on 31<sup>st</sup> December. The cash price of the machine was Rs.30,000. Calculate the amount of interest for each year.

**SECTION - B (4X10 = 40 MARKS)**  
**(Answer Any Four Questions)**

11. State the differences between Hire purchase and Instalment system.
12. What is Single entry system? Explain its features
13. A fire occurred at the premises of a trader on 31.5.2018 destroying a great part of his goods. His stock at 1.1.2018 was Rs.60,000. The value of stock salvaged was Rs.13,500. The gross profit on sales was 30% and sales amounted to Rs.1,53,000 from January 2018 to date of fire, while for the same period the purchases amounted to Rs.1,03,500. Prepare a statement of claim.
14. A machine purchased on 1<sup>st</sup> July 2016 at a cost of Rs.14,000 and Rs.1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31<sup>st</sup> December each year. The machine was sold for Rs.9,500 on 31<sup>st</sup> March 2019. Show the Machinery account for all the three years.
15. Mr. Mano keeps his books of accounts under single entry system. His financial position on 31.12.90 and 31.12.91 was as follows:

PARTICULARS	1990(Rs)	1991(Rs)
Cash	9860	800
Stock in trade	38520	57,020
Plant & machinery	54420	61,000
Bills receivable	---	16,480
Sundry debtors	24840	43,940
Sundry creditors	72040	80,000
Furniture	4960	5220
Drawings	-	5000

During the year he introduced an additional capital of Rs.20,000.

From the above particulars prepare a statement of Profit and loss of Mr.Mano for the year ended 31.12.91

16. From the following particulars relating to Hyderabad branch for the year ended 31.12.90. Prepare Branch A/c in the head office books:

PARTICULARS	RS
Stock at the branch on 1.1.90	15000
Debtors at the branch on 1.1.90	30000
Petty cash at the branch on 1.1.90	300
Goods sent to branch during 1990	252000
Cash sales 1990	60000
Received from debtors 1990	210000
Credit sales during 1990	228000
Cheques sent to branch during 1990	
For salaries 9000	
For rent & rates 1500	
For petty cash <u>1100</u>	11600
Stock at the branch on 31.12.90	25000
Petty cash 31.12.90	200
Goods returned by the branch	2000
Debtors on 31.12.90	48000

17. Krishna sells products on H.P terms, the price being cost plus  $33\frac{1}{3}$  %. From the following particulars for the year ended 31.12.95, prepare the necessary accounts on stock debtors system to reveal the profit earned.

DATE	PARTICULARS	RS
1.1.95	Stock out on hire at H.P.price	16,00,000
	Stock in hand at shop	2,00,000
	Installments due (customers still paying)	1,20,000
31.12.95	Stock out on hire at H.P.price	18,40,000
	Stock in hand at the shop	2,80,000
	Installments due (customers still paying)	2,00,000
	Cash received during the year	32,00,000

**SECTION - C (2 X 20 = 40 MARKS)**  
(Answer Any TWO Questions)

18. A second hand machinery was purchased on 1/1/90 for Rs.30,000 and repair charges amounted to Rs.6,000. It was installed at a cost of Rs.4,000. On 1<sup>st</sup> July 1991 another machine was purchased for Rs.26,000. On 1<sup>st</sup> 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 31/12/92, the machine bought on 1<sup>st</sup> July 1991 was sold for Rs.23,000 . Accounts are closed on 31<sup>st</sup> December every year. Depreciation is written off at 15% p.a under Straight Line Method. Prepare the Machinery a/c and Depreciation a/c for 3 years ending 31/12/92.

19. Prepare Trading, Profit & loss a/c and Balance sheet from the following. Trial balance of Mr. M.Madan:

Debit balances	Rs	Credit balances	Rs
Debtors	92,000	Madan's capital	70,000
Plant & Machinery	20,000	Purchases returns	2,600
Interest	430	Sales	2,50,000
Rent, rates, taxes & insurance	5600	Creditors	60,000
Conveyance charges	1320	Bank overdraft	20,000
Wages	7000		
Sales returns	5400		
Purchases	150000		
Opening stock	60000		
Madans drawings	22000		
Trade expenses	1350		
Salaries	11200		
Advertising	840		
Discount	600		
Bad debts	800		
Business premises	12000		
Furniture & fixtures	10000		
Cash in hand	2060		
	<b>4,02,600</b>		<b>4,02,600</b>

**Adjustments:**

1. Stock on hand on 31/12/96 Rs.90,000
2. Provide depreciation on premises at 2.5%, Plant & Machinery at 7.5% and Furniture & Fixtures at 10% p.a.
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 insurance Rs.300 and prepaid salaries Rs.700.

20. Rama commenced business on 1.1.89 with a capital of Rs.25,000. He immediately bought furniture for Rs.4,000. During the year he borrowed Rs.5000 from his wife and introduced a further capital of Rs.3000. He has withdrawn Rs.600 at the end of each month for family expenses. From the following particulars obtained from his books, you are required to prepare Trading and P& L a/c and Balance sheet as on 31.12.89

PARTICULARS	Rs.
Sales (including cash sales Rs.30,000)	1,00,000
Purchases (including cash purchases of Rs.10,000)	75,000
Carriage	700
Wages	300
Discount allowed to debtors	800
Salaries	6200
Bad debts written off	1500
Trade expenses	1200
Advertisement	2200

Rama has used goods worth Rs.1300 for private purposes and paid Rs.500 to his son which is not recorded anywhere. On 31.12.89, his debtors were worth Rs.21,000. Creditors Rs.15,000 and stock in trade Rs.10,000. Furniture to be depreciated at 10% p.a.

21. A firm had two departments, Cloth and Readymade garments. The garments were made by the firm itself out of cloth, supplied by the cloth department at its usual selling price. From the following figures, prepare trading and profit and loss account for the year ended 31/3/94.

PARTICULARS	Cloth dept (Rs)	Readymade dept(Rs)
Opening stock on 1/4/93	300000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments department	3,00,000	----
Expenses-manufacturing	--	60,000
Selling expenses	20,000	6,000
Stock on 31/3/94	2,00,000	60,000

The stock in the readymade garments department may be considered as consisting of 75% cloth and 25% other expenses. The cloth department earned gross profit @15% in 1992-93. General expenses of the business as a whole came to Rs.1,10,000.

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