

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com. DEGREE EXAMINATION – COMMERCE**FIRST SEMESTER – **APRIL 2023****UCO 1501 – FINANCIAL ACCOUNTING**

Date: 09-05-2023

Dept. No. 

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

**SECTION A****Answer ALL the Questions**

<b>1. State the meaning of the following (5 x 1 = 5)</b>					
a)	Accrual concept	K1	CO1		
b)	Legacy	K1	CO1		
c)	Goods in transit	K1	CO1		
d)	Partnership deed	K1	CO1		
e)	Goods repossessed	K1	CO1		
<b>2. Fill in the blanks (5 x 1 = 5)</b>					
a)	Provision for bad debts is made in compliance with the convention of _____	K1	CO1		
b)	Receipts and payments account is the summary of _____ book	K1	CO1		
c)	The profit or loss revealed by the branch account is transferred to _____ account	K1	CO1		
d)	Rent and rates are allocated to different departments on the basis of the _____	K1	CO1		
e)	In the absence of an agreement to the contrary, it is assumed that the partners are to share profits _____	K1	CO1		
<b>3. Match the following (5 x 1 = 5)</b>					
a)	Preliminary expenses	-	(1) Synthetic method	K2	CO1
b)	Legal fees	-	(2) Fictitious asset	K2	CO1
c)	Debtors system	-	(3) Capital expenditure	K2	CO1
d)	Revaluation account	-	(4) Lump sum payment	K2	CO1
e)	Average due date	-	(5) A nominal account	K2	CO1
<b>4. State the True or False (5 x 1 = 5)</b>					
a)	Accounting records are only those transactions which are expressed in monetary terms.	K2	CO1		
b)	Income and expenditure account contain capital as well as revenue items,	K2	CO1		
c)	A minor cannot be a partner.	K2	CO1		
d)	Branches and departments differ in many ways	K2	CO1		
e)	Depreciation is calculated on hire purchase price of the asset.	K2	CO1		

**SECTION B****Answer any TWO of the following****(2 x 10 = 20)**

5.	Briefly explain the importance of Accounting Standards and IFRS	K3	CO2												
6.	Naga of Trichy has a branch at Madurai. Goods are sent by head office at invoice price which is at the profit of 20 % on cost. All expenses of the branches are paid by Naga Ltd. From the following particulars, prepare Branch Account in the Head office books	K3	CO2												
<table border="1" style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">₹</th> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">₹</th> </tr> </thead> <tbody> <tr> <td>Stock at invoice price (opening)</td> <td style="text-align: right;">11000</td> <td>Expenses paid by H.O:</td> <td></td> </tr> <tr> <td>Debtors (opening)</td> <td style="text-align: right;">1700</td> <td style="padding-left: 20px;">Rent</td> <td style="text-align: right;">600</td> </tr> </tbody> </table>				Particulars	₹	Particulars	₹	Stock at invoice price (opening)	11000	Expenses paid by H.O:		Debtors (opening)	1700	Rent	600
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Petty cash (opening)	100	Wages	200
Goods sent to the branch at invoice price	20000	Salary	900
Remittance made to H.O		Goods returned by the branch at invoice price	400
Cash sales	2650	Stock at invoice price (closing)	13000
Cash collected from debtors	21000	Petty cash (closing)	25
Debtors (closing)	2000		

7. From the information given below, prepare Receipts and Payments Account for the year ending 31<sup>st</sup> December 2021

Particulars	₹	Particulars	₹
Opening balance		Locker rent	4500
Cash in hand	1650	Purchase of books	10000
Cash at bank	18250	Purchase of sports material	20000
Subscriptions	15000	Purchase of bicycle	2000
Entrance fees	1200	Sale of investment	25000
Donation	18000	Life membership fees	4000
Salaries	16000	Rent paid	12000
Stationary	500	Purchase of development bonds	10000
Insurance premium	800	Closing balance	
Sales of old furniture	1540	Cash at bank	20000
Interest on securities	3670		

8. What are the accounting adjustments to be carried out at the admission of a new partner?

### SECTION C

Answer any TWO of the following

(2 x 10 = 20)

9. From the following information, find the average due date.

Date of bill	Amount (₹)	Term of bill
04.01.2020	3500	3 months
17.02.2020	5000	4 months
26.03.2020	2500	1 month
07.04.2020	4000	5 months

10. The following purchases were made by a business house having three departments:

Department A - 1,000 units  
 Department B - 2,000 units  
 Department C - 2,400 units

at a total of ₹ 1,00,000

Stocks on 1<sup>st</sup> January were: sales were:  
 Department A 120 units Department A 1,020 units @ ₹ 20.00 each  
 Department B 80 units Department B 1,920 units @ ₹ 22.50 each  
 Department C 152 units Department C 2,496 units @ ₹ 25.00 each  
 The rate of gross profit is same in each case. Prepare Department Trading a/c

11. On 1st January 2021, Kavitha and Sumathy entered into a partnership and contributed ₹ 80,000 and ₹ 60,000 respectively. They share profits and losses in the ratio of 3:2. Sumathy is to be allowed a salary of ₹ 16,000 per year. Interest on capital is to be allowed at 5% per annum. 5% interest is to be charged on drawings. During the year, Kavitha withdrew ₹ 12,000 and Sumathy ₹ 24,000, Interest being Kavitha ₹ 280 and Sumathy ₹ 200. Profit in 2021 before the above-noted adjustments was Rs. 42,320.  
 Prepare the Profit and Loss Appropriation account and capital accounts When they are fluctuating

12. Distinguish between departmental accounting and branch accounting systems.

**SECTION D**

**Answer any ONE of the following**

**(1 x 20 = 20)**

13.	<p>Prepare Trading, Profit and Loss account, and balance sheet from the following trial balance of Mr. Ben</p> <table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width:35%;">Debit balance</th> <th style="width:10%; text-align:center;">₹</th> <th style="width:35%;">Credit Balance</th> <th style="width:10%; text-align:center;">₹</th> </tr> </thead> <tbody> <tr> <td>Sundry Debtors</td> <td align="right">92000</td> <td>Capital</td> <td align="right">70000</td> </tr> <tr> <td>Plant &amp; Machinery</td> <td align="right">20000</td> <td>Purchase returns</td> <td align="right">2600</td> </tr> <tr> <td>Interest</td> <td align="right">430</td> <td>Sales</td> <td align="right">250000</td> </tr> <tr> <td>Rent, rates, taxes &amp; Insurance</td> <td align="right">5600</td> <td>Sundry creditors</td> <td align="right">60000</td> </tr> <tr> <td>Conveyance charges</td> <td align="right">1320</td> <td>Bank Overdraft</td> <td align="right">20000</td> </tr> <tr> <td>Wages</td> <td align="right">7000</td> <td></td> <td></td> </tr> <tr> <td>Sales returns</td> <td align="right">5400</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td align="right">150000</td> <td></td> <td></td> </tr> <tr> <td>Opening stock</td> <td align="right">60000</td> <td></td> <td></td> </tr> <tr> <td>Drawings</td> <td align="right">22000</td> <td></td> <td></td> </tr> <tr> <td>Trade expenses</td> <td align="right">1350</td> <td></td> <td></td> </tr> <tr> <td>Salaries</td> <td align="right">11200</td> <td></td> <td></td> </tr> <tr> <td>Advertising</td> <td align="right">840</td> <td></td> <td></td> </tr> <tr> <td>Discount</td> <td align="right">600</td> <td></td> <td></td> </tr> <tr> <td>Bad debts</td> <td align="right">800</td> <td></td> <td></td> </tr> <tr> <td>Business premises</td> <td align="right">12000</td> <td></td> <td></td> </tr> <tr> <td>Furniture and fittings</td> <td align="right">10000</td> <td></td> <td></td> </tr> <tr> <td>Cash in hand</td> <td align="right">2060</td> <td></td> <td></td> </tr> <tr> <td></td> <td align="right">402600</td> <td></td> <td align="right">402600</td> </tr> </tbody> </table> <p>Adjustments</p> <ol style="list-style-type: none"> <li>1. Stock on hand 31-12-2021 ₹ 90,000</li> <li>2. Provide depreciation on premises at 2.5 %. Plant and Machinery at 7.5% and furniture and fixtures @ 10%</li> <li>3. Write off ₹ 800 as further bad debts</li> <li>4. Provide for doubtful debts at 5% on sundry debtors</li> <li>5. Outstanding rent was ₹ 500 and outstanding wages ₹ 400</li> <li>6. Prepaid insurance ₹ 300 and prepaid salaries ₹ 700</li> </ol>	Debit balance	₹	Credit Balance	₹	Sundry Debtors	92000	Capital	70000	Plant & Machinery	20000	Purchase returns	2600	Interest	430	Sales	250000	Rent, rates, taxes & Insurance	5600	Sundry creditors	60000	Conveyance charges	1320	Bank Overdraft	20000	Wages	7000			Sales returns	5400			Purchases	150000			Opening stock	60000			Drawings	22000			Trade expenses	1350			Salaries	11200			Advertising	840			Discount	600			Bad debts	800			Business premises	12000			Furniture and fittings	10000			Cash in hand	2060				402600		402600	K5	CO4
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14.	<p>The following Receipts and Payments a/c of the Chennai Football Association for the first year ending 31<sup>st</sup> December 2021. Prepare Income and Expenditure A/c for the year ended 31<sup>st</sup> December 2021 and Balance Sheet as on that date.</p> <p align="center"><b>Receipts and Payment Account</b></p> <table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width:35%;">Receipts</th> <th style="width:10%; text-align:center;">₹</th> <th style="width:35%;">Payments</th> <th style="width:10%; text-align:center;">₹</th> </tr> </thead> <tbody> <tr> <td rowspan="3">To Reserve fund (life membership fees and entrance fee)</td> <td align="right" rowspan="3">4000</td> <td>By pavilion office (constructed)</td> <td align="right">40000</td> </tr> <tr> <td>By expenses in connection with matches</td> <td align="right">900</td> </tr> <tr> <td>By Furniture</td> <td align="right">2100</td> </tr> <tr> <td></td> <td></td> <td>By investment at cost</td> <td align="right">16000</td> </tr> <tr> <td>To Donations</td> <td align="right">50000</td> <td>Revenue payments</td> <td></td> </tr> <tr> <td rowspan="2">To Receipts from football matches</td> <td align="right" rowspan="2">8000</td> <td>By salaries</td> <td align="right">1800</td> </tr> <tr> <td>By insurance</td> <td align="right">350</td> </tr> <tr> <td>Revenue Receipts</td> <td></td> <td>By telephone</td> <td align="right">250</td> </tr> <tr> <td>To subscriptions</td> <td align="right">5200</td> <td>By wages</td> <td align="right">600</td> </tr> <tr> <td>To Locker rents</td> <td align="right">50</td> <td>By electricity</td> <td align="right">110</td> </tr> <tr> <td>To interest on securities</td> <td align="right">240</td> <td>By sundry expenses</td> <td align="right">210</td> </tr> <tr> <td>To sundries</td> <td align="right">350</td> <td>By balance on hand</td> <td align="right">5520</td> </tr> <tr> <td></td> <td align="right">67840</td> <td></td> <td align="right">67840</td> </tr> </tbody> </table>	Receipts	₹	Payments	₹	To Reserve fund (life membership fees and entrance fee)	4000	By pavilion office (constructed)	40000	By expenses in connection with matches	900	By Furniture	2100			By investment at cost	16000	To Donations	50000	Revenue payments		To Receipts from football matches	8000	By salaries	1800	By insurance	350	Revenue Receipts		By telephone	250	To subscriptions	5200	By wages	600	To Locker rents	50	By electricity	110	To interest on securities	240	By sundry expenses	210	To sundries	350	By balance on hand	5520		67840		67840	K5	CO4
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Additional information

1. Subscriptions outstanding for 2021 is ₹ 250
2. Salaries unpaid for 2021 ₹ 170 & Wages unpaid for 2021 ₹ 90
3. Outstanding bill the sundry expenses is ₹ 40
4. Donations received have to be capitalized

**SECTION E**

**Answer any ONE of the following**

**(1 x 20 = 20)**

15.	<p>The Chennai commercial Company invoiced goods to its New Delhi branch a 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</p> <ol style="list-style-type: none"> <li>1. Branch stock account</li> <li>2. Branch debtor's account</li> <li>3. Branch expenses account</li> <li>4. Branch P &amp;L Account</li> </ol> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 10%;">₹</th> <th style="width: 30%;">Particulars</th> <th style="width: 10%;">₹</th> </tr> </thead> <tbody> <tr> <td>Opening balance</td> <td></td> <td>Bad debts</td> <td>1800</td> </tr> <tr> <td>Stock</td> <td>21000</td> <td>Discount to customers</td> <td>4200</td> </tr> <tr> <td>Debtors</td> <td>37800</td> <td>Goods returned by customers to the branch</td> <td>1500</td> </tr> <tr> <td>Petty cash</td> <td>600</td> <td>Salaries &amp; wages</td> <td>18600</td> </tr> <tr> <td>Goods sent to branch</td> <td>78000</td> <td>Rent &amp; rates</td> <td>3600</td> </tr> <tr> <td>Goods returned to H. O</td> <td>3000</td> <td>Credit sales</td> <td>85200</td> </tr> <tr> <td>Cash sales</td> <td>52500</td> <td>Allowance to customers</td> <td>600</td> </tr> <tr> <td>Advertisement</td> <td>2400</td> <td>Stock (closing)</td> <td>19300</td> </tr> <tr> <td>Cash received from Debtors</td> <td>85500</td> <td>Petty cash (closing)</td> <td>300</td> </tr> </tbody> </table>	Particulars	₹	Particulars	₹	Opening balance		Bad debts	1800	Stock	21000	Discount to customers	4200	Debtors	37800	Goods returned by customers to the branch	1500	Petty cash	600	Salaries & wages	18600	Goods sent to branch	78000	Rent & rates	3600	Goods returned to H. O	3000	Credit sales	85200	Cash sales	52500	Allowance to customers	600	Advertisement	2400	Stock (closing)	19300	Cash received from Debtors	85500	Petty cash (closing)	300	K6	CO5
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16.	<p>A company Ltd purchased a truck for ₹ 160000 from B company Ltd on 1<sup>st</sup> January 2019 payment to be made ₹ 40000 down and ₹ 46000 at the end of the first year, ₹ 44000 at the end of the second year and ₹ 42000 at the end of the third year. Interest was charged at 5% p.a. A Ltd depreciates the trucks at 10% per annum on the written down value method.</p> <p>A Ltd, after having paid down payment and first instalment at the end of the first year, could not pay the second instalment. The seller took possession of the truck, and after spending ₹ 4000 on repairs of the asset, sold it away for ₹ 91500. Give ledger accounts in the books of both parties.</p>	K6	CO5																																								

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