## LOYOLA COLLEGE (AUTONOMOUS), CHENNAI - 600034

## B.Com. DEGREE EXAMINATION - COMMERCE

FIRST SEMESTER - NOVEMBER 2023
UCO 1501 - FINANCIAL ACCOUNTING

Date: 01-11-2023
Time: 09:00 AM - 12:00 NOON
Max. : 100 Marks

## SECTION A - K1 (CO1)

## Answer ALL the Questions

( $10 \times 1=10$ )

1. Fill in the blanks:
a) Amount of owner's investment in a business organization is known as
b) A account is the summary of cash transactions of a non-trading concern
c) Goodwill is an ___ asset.
d) The goods are supplied to the dependent branch at cost or $\qquad$ price.
e) The account current method widely used in banks for interest calculation is
2. True or False:
a) Business entity concept refers to the practice of treating business as different from its owners.
b) Capital expenses and capital receipts are recorded in income and expenditure account.
c) In the absence of a partnership deed, $10 \%$ is the interest payable on the amount of the drawings of the partners.
d) All expenses of an independent branch are paid by head office.
e) In term bills, the number of grace days allowed are seven days

Answer ALL the Questions
( $10 \times 1=10$ )
3. Answer the following:
a) What are drawings?
b) What is honorarium?
c) What is capital ratio at the time of dissolution of partnership firm?
d) What is a foreign branch?
e) What is red-ink interest?
4. Answer the following :
a) What is an invoice?
b) What is endowment fund?
c) Write a note on compulsory dissolution of a partnership.
d) What is departmental accounting?
e) What is average due date?

## SECTION B - K3 (CO2)

Answer any TWO of the following in $\mathbf{1 0 0}$ words each.
$(2 \times 10=20)$
5. Discuss the nature of accounting standards.
6. How will the following particulars will appear in the final accounts of Chennai Sports Cricket Club for the year ending March,31 2019?
7. A and B are partners. From the following details, prepare their capital accounts assuming that they are fluctuating:

A (Rs.) B (Rs.)
Capital as on 01.01.2021
40,000 30,000
Drawings during 2021
5,000 3,000
Interest on capitals
$5 \% \quad 5 \%$
Interest on drawings
Share of profit for 2021
125
75
Partner's salaries
6,000 5,000
Commission
3,600
500
300
8. Pass journal entries in the books of head office for the following transactions, under the debtors system:
(i) Goods sent to branch at cost Rs. 25,000
(ii) Remittance received from branch Rs. 35,000
(iii) Profit earned by the branch Rs. 4,000

## SECTION C - K4 (CO3)

Answer any TWO of the following in $\mathbf{1 0 0}$ words each.
9. How the following items will appear in the final accounts of a trader for the year ending 31st March, 2021?

Extracts of the trial balance of the trader as at 31st March 2021
Debit (Rs.)
Credit (Rs.)
Sundry debtors
Provision for doubtful debts
Bad debts
1,02,000
1,000
Adjustments required for:

1. Further bad debts Rs. 2,000
2. A provision for doubtful debts at $2 \%$ debtors.
3. Distinguish between 'receipts and payments account' and 'income and expenditure account'.
4. Explain the methods of adjusting goodwill at the time of retirement of a partner.
5. From the following details, compute the Gross Profit of the branch under the stock and Debtors system.

Goods received from the H.O. at invoice price
Rs.
Red re hice
60,000
Returns to head office at invoice price 1,200
Branch stock on 01.04.2020 at invoice price 6.000

Branch Stock at invoice price on 31.03.2021 12,000
Surplus Stock (found in Branch Stock A/c)
Goods are invoiced to the branch at cost plus $25 \%$.

## SECTION D - K5 (CO4)

## Answer any ONE of the following in $\mathbf{2 5 0}$ words

( $1 \times 20=20$ )
13. From the following trial balance of Mr. Sabapathy, prepare trading and profit and loss account for the year ending December 31, 2019 and a balance sheet as on that date:

| Particulars | Debit (Rs.) | Credit (Rs.) |
| :--- | ---: | ---: |
| Capital |  | 40,000 |
| Sales |  | 25,000 |
| Purchases | 15,000 |  |
| Salaries | 2,000 |  |
| Rent | 1,500 |  |
| Insurance | 300 |  |
| Drawings | 5,000 |  |
| Machinery | 28,000 |  |
| Bank Balance | 4,500 |  |
| Cash | 2,000 |  |
| Stock (01/01/2019) | 5,200 |  |


| Debtors | 2,500 |  |
| :--- | ---: | ---: |
| Creditors |  | 1,000 |
|  | 66,000 | 66,000 |

Adjustments required:
i. $\quad$ Stock on 31.12.2019
ii. Salaries unpaid

Rs.
4,900
iii. Rent paid in advance 200
iv. Insurance prepaid
14. From the following particulars, Prepare a Receipts and Payment account for the year ending March,31 2019.

| Particulars | Rs. | Particulars | Rs. |
| :--- | ---: | :--- | ---: |
| Opening Balance of Cash | 6,000 | Entrance Fees | 5,200 |
| Subscriptions - 2018 | 3,000 | Sale of Furniture | 1,200 |
| 2019 | 13,000 | Additions to Library | 13,500 |
| 2020 | 1,000 | Payment to Creditors | 1,300 |
| Sale of Old Newspapers | 120 | Repairs | 500 |
| Rent of Library Hall | 2,080 | Electric Fittings | 9,000 |
| Net Proceeds from <br> Entertainment | 6,000 | Printing \& Stationery | 1,900 |
| Special Subscription | 2,000 |  |  |
| Salaries | 6,200 |  |  |
| Miscellaneous Expenses | 300 |  |  |

## SECTION E - K6 (CO5)

Answer any ONE of the following in $\mathbf{2 5 0}$ words
15. AX and BX were partners sharing profits and losses in the ratio of $2: 1$. The balance sheet as on 31-12-2021 were as follows:

| BALANCE SHEET |  |  |  |
| :--- | ---: | :--- | ---: |
| Liabilities | Amount (Rs.) | Assets | Amount (Rs.) |
| Capital Account |  | Debtors | 9,700 |
| - AX | 30,000 | Inventory | 20,000 |
| - BY | 20,000 | Cash | 1,200 |
| Creditors | 65,900 | Machinery | 35,000 |
|  |  | Building | 50,000 |
|  |  |  | $1,15,900$ |

They decided to admit ' CZ ' as a partner for $1 / 3^{\text {rd }}$ share in the profit subject to the following conditions:
That he should bring Rs. 15,000 as his capital
Value of Inventory and machinery was depreciated by $10 \%$.
Provision of $5 \%$ on sundry debtors be made for doubtful debts.
Value of building be appreciated by Rs. 9,500
Pass necessary journal entries, Prepare Revaluation account, partner's capital account and Balance sheet after admission.
16. Mr. Mannan purchased a Motor Car on hire-purchase system from Real Limited on 1.1.2016. The total cash price of the Car was Rs. 79,900 payable Rs. 20,000 down on signing the agreement and three instalments of Rs. 30,000 , Rs. 25,000 and Rs. 10,000 at the end of every year. Interest was charged at $5 \%$ per annum. You are required to prepare necessary ledger accounts in the books of both the parties. Rate of depreciation was $10 \%$ on straight line method. Calculations are to be made to the nearest rupee.

