



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2024

UCO 1501 – FINANCIAL ACCOUNTING

Date: 20-04-2024

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. Fill in the blanks

- a) Closing stock is an item of _____.
- b) Income and expenditure is a _____ account.
- c) As per the Indian Partnership Act, 1932, _____ is the rate of interest allowed on loans advances to partners.
- d) _____ Branch does not maintain its own set of books.
- e) Hire Purchase Act was passed _____ year.

2. True or False

- a) Balance sheet shows the financial performance of an enterprise.
- b) In a Non-Profit Organization Donation Received on Specific purpose is considered as a Capital receipt.
- c) As per Companies Act 2013, a Partnership firm has minimum of two persons and maximum of 100.
- d) All expenses incurred by branch are recorded in the debit side of this account and balance transfer to branch P&L A/c.
- e) The hirers will not get possession of the goods on signing the hire purchase agreement.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Match the following

- a) Profit & Loss Account - Credited to Capital Account
- b) General Donation - Income statement
- c) Share of Profit - Revenue Receipt
- d) Independent - Advance paid
- e) Down payment - Own goods

4. Briefly explain the following

- a) Net Profit.
- b) Legacy.
- c) Partnership deed.
- d) Independent branch.
- e) Hire purchase system.

SECTION B - K3 (CO2)**Answer any TWO of the following in 100 words each.****(2 x 10 = 20)**

5. What is IFRS? Bring out its objectives.

6. Prepare Receipts and Payments A/c of a club for the year ended 31 March 2020 from the following particulars.

	Rs.		Rs.
Opening balance of Cash	1,20,000	Rent paid	3,600
Receipts of entrance fees	24,000	Payment for Purchases of Cricket Balls	1,500
Subscription received for 2020	48,000	Payment for purchase of Cricket bats	4,800
Previous year's subscription received	4,800	Payment for stationery in Cash	300
Paid salaries	6,000		
Paid for Miscellaneous expenses	600		

7. P and Q are partners in a business sharing profits in the ratio of 5:3. They decide to admit R into the firm giving him $\frac{1}{6}$ th share. Calculate the new profit sharing ratio and sacrificing ratio of the partners.

8. Raju, Somu and Ramu are partners sharing profits in the ratio of 2:3:5. Goodwill appears in their books at a value of Rs. 60,000. Raju retires and on the day of Raju's retirement goodwill is valued at Rs. 30,000. Somu and Ramu decided to share the future profits equally. Pass the necessary Journal entries for goodwill.

SECTION C – K4 (CO3)**Answer any TWO of the following in 100 words each.****(2 x 10 = 20)**

9. Mr. Sudhan is in account current with Mr. Kumar and the following transactions have taken place between January 1 and April 30.

2021		Rs.
Jan.1	Received goods from Kumar, due end of February	3,067
Jan. 19	Sold goods to Kumar, due end of April	1,269
Feb. 3	Paid cash to Kumar	1,300
Feb. 12	Received goods from Kumar, due end of March	4,985
Feb. 26	Accepted Kumar's draft at 2 months	3,500
Mar. 21	Received cash from Kumar	1,900
Apr. 5	Received goods from Kumar, due end of July	2,763

Prepare account current to be rendered by Mr. Sudhan to Mr. Kumar as at 30th April reckoning interest at 6% P.A.

10. Ramesh owes Balaji the following sums of money due from him on the dates stated:

Rs. 300 due on March 9, 2020.

Rs. 1,000 due on April 2, 2020.

Rs. 4,000 due on April 30, 2020.

Rs. 100 due on June 1, 2020.

He wants to make the complete payment on 30.6.2020. Calculate interest at 5% P.a. with the help of Average due date method.

11. The following purchases were made by a business house, having three departments.

Dept. A - 3,000 units

Dept. B - 6,000 units

Dept. C - 7,200 units

at a total cost of Rs. 3,00,000 .

Stock on 1st January were:

Dept. A - 360 units

Dept. B - 240 units

Dept. C - 456 units

Sales were:

Dept. A - 3060 units at Rs. 60 each

Dept. B - 5,760 units at Rs. 67.50 each

Dept. C - 7,488 units at Rs. 75 each

The rate of gross profit is same in each case. Prepare Departmental Trading Account.

12. 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 departmental trading and profit and loss account for the year ended 31-03-2021.

	Cloth dept. (Rs)	Readymade dept. (Rs.)
Opening stock on 01-04-2020	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to Readymade garments dept.	3,00,000	-
Expenses: - Manufacturing	-	60,000
- selling	20,000	6,000
Stock 31-03-2021	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 a gross profit @15% in 2019-20. General expenses on the business as a whole came to Rs. 1,10,000.

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13. Prepare Trading, Profit & Loss A/c and Balance Sheet from the following Trial Balance of Mr. K. Srinivasan.

Debit Balances	Rs.	Credit Balances	Rs.
Sundry Debtors	92,000	Srinivasan Capital	70,000
Plant & Machinery	20,000	Purchases Return	2,600
Interest	430	Sales	2,50,000
Rent, Rates, Taxes & Insurance	5,600	Sundry Creditors	60,000
Conveyance charges	1,320	Bank Overdraft	20,000
Wages	7,000		
Sales Return	5,400		
Purchases	1,50,000		
Opening stock	60,000		
Srinivasan Drawings	22,000		
Trade Expenses	1,350		
Salaries	11,200		
Advertisement	840		
Discount	600		
Bad debts	800		
Business premises	12,000		
Furniture & Fixtures	10,000		
Cash in hands	2,060		
	4,02,600		4,02,600

Adjustments:

1. Stock on hand on 31.12.2022 Rs. 90,000
2. Provide depreciation on premises at 2.5%; Plant & Machinery at 7.5% and furniture & fixtures 10%.
3. Write off Rs. 800 as further bad debts.
4. Provide for doubtful debts at 5% on sundry debtors.
5. Outstanding rent was Rs. 500 and outstanding wages Rs. 400.
6. Prepaid insurance Rs. 300 and prepaid salaries Rs. 700.

14. The following is the Receipts and Payments A/c of Delhi football association for the first year ending 31st December 2022.

Receipts and Payments A/c			
Receipts	Rs	Payments	Rs.
To Donation	50,000	By Pavilion office (Constructed)	40,000
To Reserve fund (Life membership fees and entrance fees received)	4,000	By Expenses in connection with matches	900
To Receipts from football matches	8,000	By furniture	2,100
Revenue Receipts:		By Investment at cost	16,000
To Subscriptions	5,200	Revenue Payments:	
To Lockers Rents	50	By Salaries	1,800
To Interest on Securities	240	By Wages	600
To Sundries	350	By Insurance	350
		By Telephone	250
		By Electricity	110
		By Sundry expenses	210
		By Balance on hand	5,520
	67,840		67,840

Additional information:

(i) Subscriptions outstanding for 2022 are Rs. 250.

(ii) Salaries unpaid for 2022 are Rs. 170.

(iii) Wages unpaid for 2022 are Rs. 90.

(iv) Outstanding bill for sundry expenses is Rs. 40.

(v) Donations received have to be capitalized.

Prepare from the details given above an Income and Expenditure A/c for the year ended 31.12.2022 and the Balance sheet of the Association as on that date.

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15. The Calcutta Commercial Company invoiced goods to its Jamshedpur 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

	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
Cash Received from debtors	85,500	Credit Sales	85,200
Stock (Closing)	19,500		
Allowances to customers	600		

16. Rajesh purchased a Welding Machinery for Rs. 1,60,000 from Hemanath on 1.1.2021 payment to be made Rs. 40,000 down payment and Rs. 46,000 at the end of first year, Rs. 44,000 at the end of second year and Rs. 42,000 at the end of third year. Interest was charged at 5%. Rajesh depreciated the welding machinery at 10% per annum on written down value method.

Rajesh, after having paid down payment and first installment at the end of the first year, could not pay second installment. The seller took possession of the welding machinery, and after spending Rs. 4,000 on repairs of the asset, sold it away for Rs. 91,500.

Give Journal Entries and ledger accounts in the books of both the parties.

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