

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com. DEGREE EXAMINATION – ACCOUNTING AND FINANCE**FIRST SEMESTER – **NOVEMBER 2022****UAF 1501 – FINANCIAL ACCOUNTING**

Date: 21-11-2022

Dept. No. 

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

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

<b>1.</b>	<b>Fill in the Blanks</b>	<b>(5x 1 = 5 Marks)</b>	
a)	Single Entry system is otherwise called as .....	K1	CO1
b)	Additional Capital introduced during the year is ..... from closing capital to find out the correct profit.	K1	CO1
c)	Write the Accounting Equation .....	K1	CO1
d)	Assets which are converted into cash in normal course of business in less than one year are termed as .....	K1	CO1
e)	Receipts & payments account is prepared to know the .....	K1	CO1
<b>2.</b>	<b>Multiple Choice Questions</b>	<b>(5x 1 = 5 Marks)</b>	
a)	Which of the following is to recorded in an Income & Expenditure account (a) Purchase of fixed asset (b) Sale of fixed asset(c) Profit on sale of fixed asset	K1	CO1
b)	Scrap value is (a) The combined cost of purchase and installation of an asset can be depreciated minus its salvage value (b) The worth of a physical asset's components when the asset itself is deemed no longer usable © Represents the value of a company according to the stock market (d) The estimated resale value of an asset at the end of its useful life	K1	CO1
c)	The amount of credit sales can be computed from (a) Total Debtors a/c (b) Total creditors a/c (c) Bills Receivable a/c (d) Bills Payable a/c	K1	CO1
d)	Bank Reconciliation statement is mainly prepared for (a) Reconcile the cash balance of cash book (b) Reconcile the difference between the bank balance shown by cash book and bank pass book © Both (a) & (b) (d) None of the above	K1	CO1
e)	In the Cash Book favorable balance indicates (a) Credit balance (b) Debit balance(c) Bank overdraft (d) Adjusted balance	K1	CO1
<b>3.</b>	<b>Define the following</b>	<b>(5 x 1 = 5 Marks)</b>	
a)	Non-Profit Organization	K2	CO1
b)	Current Asset	K2	CO1
c)	COGS	K2	CO1
d)	Straight-line method	K2	CO1
e)	Recouping	K2	CO1

4.	True or False	(5 x 1 = 5 Marks)	
a)	The profit and loss appropriation sheet is an extension of the profit and loss sheet.	K2	CO1
b)	Under Single entry system a trial balance can be drawn	K2	CO1
c)	Bank Reconciliation compares the bank statement with cash book	K2	CO1
d)	Profit on sale of fixed asset is recorded in Income & Expenditure account	K2	CO1
e)	The amount of credit sales can be computed from Total Creditors account	K2	CO1

**SECTION B**

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

5.	The following are the balances extracted from the books of Mr .Rajesh as on 31 <sup>st</sup> December 2002.			K3	CO2	
	Rajesh's capital	20,000	Loan @ 9%			5,000
	Drawings	3,500	Insurance			4,400
	Buildings	10,000	Wages			7,500
	Machinery	2,500	Rent			2,750
	Furniture and fittings	600	Freight outwards			1,250
	Opening stock	12,500	Postage & Telegrams			135
	Cycle	400	Rates & Taxes			90
	Purchases	75,000	Freight inwards			2,500
	Sales	1,25,000	Bad debts			300
	Sales return	5,000	Travelling expenses			750
	Duty paid on purchases	15,000	Interest paid			375
	Sundry debtors	10,000	General charges			900
	Sundry creditors	7,500	Cash on hand			250
	Reserve for bad Debts	400				
Cash at bank	2,400					
The following adjustments are necessary						
(1) Stock on 31-12-2002 Rs.14,000						
(2) Provide for the following outstanding Rent Rs.250, Wages Rs.600 ,and Interest Rs.75						
(3) Maintain the reserve for doubtful debts at 5% and the reserve for discount on debtors at 2.5% on sundry debtors.						
(4) Provide depreciation for building 2.5%, machinery 10%, Furniture 6 % , Cycle 15 % .						
Prepare Trading Profit and loss account and Balance sheet						
6.	The bank overdraft of Mr .Kamal on 31- 03-2018 as per cash book is Rs.4, 500.From the following particulars prepare bank reconciliation statement. (i) Un presented Cheque Rs.1, 500 (ii)Bank interest debited in the pass book only Rs.250 (iii)Un cleared cheque Rs.850 (iv)Bill collected and credited in the pass book only Rs. 400 (v)Cheque of client dishonoured Rs.250 (vi)Cheque issued to Veena entered in the cash column of cash book Rs.150			K3	CO2	

7.	<p>Show the accounting equation on the basis of the following transaction:</p> <p>Unit started business with:</p> <ol style="list-style-type: none"> <li>Cash ₹ 5,00,000</li> <li>Goods ₹ 1,00,000</li> </ol> <p>Purchased building for cash ₹ 2,00,000  Purchased goods from Himani ₹ 50,000  Sold goods to Ashu (Cost ₹ 25,000) ₹ 36,000  Paid insurance premium ₹ 3,000  Rent outstanding ₹ 5,000  Depreciation on building ₹ 8,000  Cash withdrawn for personal use ₹ 20,000  Rent received in advance ₹ 5000  Cash paid to Himani on account ₹ 20,000</p> <p>Cash received from Ashu ₹ 30,000</p>	K3	CO2																
8.	<p>From the following facts supplied by Mr.Arun who keeps his books on single entry you are required to calculate total purchase</p> <table border="1" data-bbox="304 757 1283 1142"> <tr> <td>Opening balance of bills payable</td> <td>25,000</td> </tr> <tr> <td>Opening balance of Creditors</td> <td>30,000</td> </tr> <tr> <td>Closing balance of Bills payable</td> <td>35,000</td> </tr> <tr> <td>Closing balance of creditors</td> <td>20,000</td> </tr> <tr> <td>Cash paid to creditors during the year</td> <td>1,51,000</td> </tr> <tr> <td>Bills payable discharged during the year</td> <td>44,500</td> </tr> <tr> <td>Return outwards</td> <td>6,000</td> </tr> <tr> <td>Cash purchases</td> <td>1,29,000</td> </tr> </table>	Opening balance of bills payable	25,000	Opening balance of Creditors	30,000	Closing balance of Bills payable	35,000	Closing balance of creditors	20,000	Cash paid to creditors during the year	1,51,000	Bills payable discharged during the year	44,500	Return outwards	6,000	Cash purchases	1,29,000	K3	CO2
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**SECTION C**

**Answer any TWO of the following**

**(2 x 10 = 20 Marks)**

9.	<p>Prepare Bank reconciliation statement from the following data as on 30/11/1994</p> <ol style="list-style-type: none"> <li>Balance as per pass book as on 30/11/1994 overdrawn Rs.18,408</li> <li>Cheques drawn on 30/11/1994 but not cashed till 1<sup>st</sup> Dec 1994 Rs.6, 450, Rs.1, 490, Rs.1, 852</li> <li>Bank overdraft interest charged on 28/11/1994 not entered in cash book Rs.3,220</li> <li>Cheques received on 29/11/1994 entered in cash book but not deposited into bank till 31/12/94 Rs.22, 644 and Rs.3, 460.</li> <li>Cheque received amounting to Rs.70 entered in the cash book twice</li> <li>Bills receivable due on 29/11/94 was sent to bank for collection on 28/11/94 and was entered in cash book forthwith but the proceeds were not credited in bank pass book till 3<sup>rd</sup> Dec 1994 Rs.5, 960</li> <li>A periodic payment by bank for Rs.160 as per standing instruction not entered in cash book.</li> <li>Cheque deposited on 30<sup>th</sup> Nov 1994, dishonoured but the entry thereof was not made in the cash book Rs.3,780</li> </ol>	K4	CO3
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<b>10.</b>	<p>Fire occurred in the premises on May 1,2003,</p> <table border="1" data-bbox="209 197 975 555"> <tr> <td>Purchases for 2002</td> <td>888000</td> </tr> <tr> <td>Sales for 2002</td> <td>1160000</td> </tr> <tr> <td>Purchases from 1.1. 2003 - May 1,2003</td> <td>182000</td> </tr> <tr> <td>Sales from 1.1.2003 -May 1,2003</td> <td>240000</td> </tr> <tr> <td>Stock on Jan 1,2002</td> <td>144000</td> </tr> <tr> <td>Wages paid during the year</td> <td>100000</td> </tr> <tr> <td>Wages paid during Jan 1 2003 -May 1 2003</td> <td>18000</td> </tr> <tr> <td>Stock on Dec 31 ,2002</td> <td>2,42,000</td> </tr> </table> <p>Salvage value 25,000  Fire insurance policy 2,00,000  There was a practice in the concern to value the stock at cost less 10% and this practice was changed and the stock were valued at cost plus 10 % on Dec 31<sup>st</sup> 2002</p>	Purchases for 2002	888000	Sales for 2002	1160000	Purchases from 1.1. 2003 - May 1,2003	182000	Sales from 1.1.2003 -May 1,2003	240000	Stock on Jan 1,2002	144000	Wages paid during the year	100000	Wages paid during Jan 1 2003 -May 1 2003	18000	Stock on Dec 31 ,2002	2,42,000	K4	CO3																													
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<b>11.</b>	<p>The following is the Receipts and Payments account of Jolly Makers Club in respect of the year ending 31<sup>st</sup> 1981</p> <table border="1" data-bbox="209 779 1203 1256"> <tr> <td>To balance b/d</td> <td></td> <td>2050</td> <td>By Salaries</td> <td>4,160</td> </tr> <tr> <td>To Subscription</td> <td></td> <td></td> <td>By Rates &amp; Taxes</td> <td>1,200</td> </tr> <tr> <td>1979-80</td> <td>80</td> <td></td> <td>By Stationery</td> <td>800</td> </tr> <tr> <td>1980 - 81</td> <td>4220</td> <td></td> <td>By Telephone</td> <td>200</td> </tr> <tr> <td>1981- 82</td> <td>160</td> <td>4,460</td> <td>By Investment in Govt Securities</td> <td>2,500</td> </tr> <tr> <td>To profits on sports meeting</td> <td></td> <td>2850</td> <td>By Sundry Expenses</td> <td>1,850</td> </tr> <tr> <td>To interest on investment</td> <td></td> <td>2000</td> <td>By balance c/d</td> <td>900</td> </tr> <tr> <td>To sundry receipts</td> <td></td> <td>250</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>11,610</td> <td></td> <td>11,610</td> </tr> </table> <p>The following additional facts are ascertained</p> <ol style="list-style-type: none"> <li>(1) Stock of stationery on April 1,1980 was Rs.100 and on Mar, 31,1981 Rs.180</li> <li>(2) Rates and taxes were prepaid to the extent of Rs.400</li> <li>(3) Telephone charges outstanding amounts to Rs.75</li> <li>(4) In 1979 -80 subscription received in advance amounting to Rs.200 for current year and Rs. 180 were due on March 31,1981 for 1980-81</li> <li>(5) On March 31,1980 the building stood in the books at Rs.20,000 and its required to write off depreciation at 5% .investments at March 31,1980 were Rs.40,000</li> </ol> <p>You are required to prepare Income &amp; Expenditure account.</p>	To balance b/d		2050	By Salaries	4,160	To Subscription			By Rates & Taxes	1,200	1979-80	80		By Stationery	800	1980 - 81	4220		By Telephone	200	1981- 82	160	4,460	By Investment in Govt Securities	2,500	To profits on sports meeting		2850	By Sundry Expenses	1,850	To interest on investment		2000	By balance c/d	900	To sundry receipts		250					11,610		11,610	K4	CO3
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<b>12.</b>	Difference between single entry system and double entry system.	K4	CO3																																													

**SECTION D**

**Answer any ONE of the following**

**(1 x 20 = 20 Marks)**

**13.** Edwards's books shows the following balances .Prepare his trading profit & loss a/c for the year ended 31 st December 1992.and balance sheet as at the date

K5

CO4

Stock on 01/01/92	89,680	Capital	1,08,850
Bills receivable	4,500	Loan at 6% p.a	20,000
Land & Buildings	37,770	Sales	3,50,000
Sundry debtors	62,000	Interest on	
Wages & Salaries	40,970	Investments	5,640
Return inwards	2,780	Sundry Creditors	59,000
Purchases	2,56,590	Commission received	630
postage & telegram	5,620	Return outwards	6,430
Drawings	5,000		
Printing & Stationary	880		
Travelling Expenses	12,000		
interest on loan	300		
Petty cash	70		
Bank Balance	8,800		
Repairs	3,620		
Commission	470		
furniture	500		
Investments	19,000		
	5,50,550		5,50,550

- (i) Closing stock Rs 1,28,960
- (ii) Commission received but not earned Rs.130
- (iii) Travelling expenses overdrawn by the employees to the extent of Rs.2,000
- (iv) Create a 5% reserve on Sundry Debtors & allow 2 % discount on debtors and allow 2% discount on creditors
- (v) Interest on loan due for 9 months
- (vi) 1/4<sup>th</sup> of wages & salaries should be charged to Trading account

**14.** . A company purchased a machinery on 01/07/87 for Rs.80, 000.On 01/01/89 they purchased another machine for Rs.60, 000 and again on 01.10 91 a machinery costing Rs.1, 50,000 was purchased They adopted a policy of charging depreciation @ 20 % p.a on diminishing balance method.  
On 01/07/1991 they changed the method of providing depreciation and adopted Straight line method at 15 % p.a. with retrospective effect from 01/07/1987.the adjustments being made for the year ended 30/06/1992

K5

CO4

**SECTION E**

**Answer any ONE of the following**

**(1 x 20 = 20 Marks)**

**15.** The following is the Receipts & Payments a/c for the Youth Club in respect of the year 31 st Dec 1985  
Receipts & Payments a/c for the year ended 31/12/1985

To Balance b/d	20,500	By Salaries	41,600
To Subscription		By Stationeries	8,000
1986	1,600	By Rates	12,000
1985	42,200	By Telephone charges	2,000
1984	800	By Investments	25,000
To Sports meeting Profit	31,000	By Sundry Expenses	18,500
To Dividend on Investments	20,000	By balance c/d	9,000
	<b>1,16,100</b>		<b>1,16,100</b>

The following additional information are available

- (1) There are 450 members each paying an annual subscription of Rs.100, Rs.900 being arrear for 1984 at the beginning of 1985.
- (2) Stock of stationery at 31/12/84 was Rs.1,000 and 31/12/85 Rs.1,800
- (3) O/S telephone charges are being Rs.700 and sundry Expenses accruing on 31/12/1984 Rs.1,400
- (4) On 31/12/1984 the building stood in the books at Rs.2,00,000 and it is required to write off depreciation @ 5% p.a. Investments at 31/12/1984 were Rs.4,00,000. You are Required to prepare an Income & Expenditure A/c for the year ending 31/12/1985.  
& the Balance Sheet.

K6

CO5

**16.** From the following details Prepare trading ,Profit & loss a/c & Balance sheet

	01/01/1995	31/12/1995
Creditors	37,500	43,750
furniture	2,500	2,500
Cash	6,250	10,000
Debtors	62,500	87,500
Stock	25,000	12,500

Other details

Drawings	10,000	Sundry expenses	7,500
Bad Debts	1,250	Payment to	
Dis.Received	3,750	Creditors	1,12,500
Dis.allowed	2,500	Collection from	
		Drs	1,33,750
Purchase Return	1,250	Sales return	3,750

Depreciation 5 % on furniture

K6

CO5

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