



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**  
**B.Com. DEGREE EXAMINATION – CORPORATE SEC.**

SECOND SEMESTER – APRIL 2013

**BC 2501/BC 2500 - FINANCIAL ACCOUNTING**

Date: 30/04/2013

Dept. No.

Max. : 100 Marks

Time: 9:00 - 12:00

---

**SECTION A**

**ANSWER ALL THE QUESTIONS:**

**(10X2=20Marks)**

1. What is interest on drawing? Is it an income or an expense?
2. A machinery was purchased for Rs.2,00,000 , Installation charges Rs.2,000, transportation charges Rs.5250 and import duty Rs.23,000 were spent on the machine. Scrap value Rs,21,000. Life of the machine – 7 years. Calculate depreciation under Straight Line method.
3. What is Indemnity Period?
4. State 2 defects of Single entry.
5. What do you mean by Royalty?
6. What is minimum rent?
7. State the difference between provision and reserve.
8. Fire occurred on 1<sup>st</sup> march 2005. Normalcy was achieved on 1<sup>st</sup> May 2005. Sales from 1<sup>st</sup> March to May – Rs.20,000. Sales from 1<sup>st</sup> March to 1<sup>st</sup> May last year – Rs.1,00,000. Company has shown an increase of 10% during 2005 over the sales of 2004. Calculate the short sales.
9. What is a statement of affairs?
10. Find out the credit sales from the following information. Sundry debtors on 1-1-2002 = Rs.12,800, sundry debtors on 31-12-2002= 9,800, bills receivable as on 1-1-2002 = Rs.400, cash received= Rs.6,400, bills receivable as on 31-12-2002= 2,500, bad debts = Rs.300, discount= Rs.350.

**SECTION B**

**ANSWER ANY FIVE QUESTIONS:**

**(5X8=40Marks)**

11. What are the reasons for providing depreciation?
12. State the features of single entry system.
13. Metro Lab acquired a Second hand machine for Rs.5,40,000 on 1, April 2000. Depreciation based on Straight Line Method @ 20%. On the same date a modification was made to improve its technical reliability at a cost of Rs.60,000.

Show the machine account and provision for depreciation account for the year ending 31<sup>st</sup> March 2001, only.

14. Mr. Mohan, commenced business on 1<sup>st</sup> Jan, 2002, with a capital of Rs.25,000. He immediately bought for Rs.6,000. During the year he borrowed Rs. 15,000 from his wife and introduced a further capital of his own amounting to Rs.9,500. He had withdrawn Rs.900 at the end of each month for family expenses. On 31<sup>st</sup> Dec, 2002,his position is as follows:  
Cash in hand – Rs.600, Cash at bank – Rs.7,800, Sundry Debtors- Rs. 14,400, stock – Rs.20,400, Bills Receivable Rs.4,800, Sundry Creditors – Rs.1,500, Rent due Rs.450. Furniture to be depreciated by 10%. Ascertain the profit or loss made by Mr.Mohan during 2002.
15. Kohli &co. purchased one machine on 1<sup>st</sup> jan, 2001, on hire purchase basis, Rs.10,000 being paid on the signing of the agreement and thereafter Rs.10,000being paid annually for 3 years. Depreciation was written off at the rate of 20% p.a. on the reducing instalment System. Given that the present value of an annuity of Re.1.p.a. 5% @ Rs.2.7232. Calculate the cash price and give the machinery account in the books of Kohli & Co.
16. The Extract well coal ltd., are the lessee of a mine on a royalty of Rs.5 per ton of coal raised with a dead rent of Rs.30,000 per annum and power to recoup short workings during the first five years of the lease. The output for the first six years were 1-1,500tons, 2- 5000 tons,3-7,500 tons,4-4000 tons,5-6000 tons,6-10,000 tons. Prepare a) Royalties Account b) Short workings account.
17. Distinguish Hire Purchase System from Installment Purchase.
18. Goods are invoiced to the branch by the Head Office at Rs9,200, So as to give 25% profit on cost. From the following information prepare  
a) Branch Profit and Loss Account  
b) Branch Account

Particulars	Rs.
Sales by the Branch	8460
Cash remitted by the branch	8060
Returns to H.O.	200
Expenses paid by H.O.	200
Furniture purchased by H.O. for branch	800
Stock at the end(invoice Price)	600
Write off furniture at 10%	

**SECTION C (2X20=40Marks)**

**ANSWER ANY TWO QUESTIONS**

**19. FROM THE FOLLOWING TRIAL BALANCE PREPARE FINAL ACCOUNTS OF Ms. Lakshmi Vilas... as on 30<sup>th</sup> June 2002.**

<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
Capital & drawing	10,550	1,19,400
Bills receivable	9,500	
Purchase and sales	2,56,590	3,56,430
Return inwards	2780	
Stock as on 1 <sup>st</sup> july 2001	89,680	
Commission		5640
Plant & Machinery	28,800	
Salaries	11,000	
Travelling expenses	1,880	
Debtors(including mohan for dishonoured cheque Rs.1,000)	62,000	
Stationery	2,000	
Telephone charges	1370	
Interest & discount	5870	
Bad debts	3620	
Fixtures & Fittings	8970	
Creditors		59,630
6% loan		20,000
Wages	40,970	
Cash in hand	530	
Cash at bank	18,970	
Insurance (including premium of Rs.300 per annum paid upto 31 <sup>st</sup> dec,2002)	400	
Rent & taxes paid	5620	
	5,61,100	5,61,100

- Stock in trade as on 30<sup>th</sup> june, 2002 was 1,28,960.
- Write off half of mohan's cheque
- Create a provision of 5% on debtors
- Manufacturing wages includes Rs.1,200 for erection of new machinery purchased last year.
- Depreciate plant & machinery by 5% fixtures & fittings by 10%
- Commission accrued Rs.600
- Interest on loan for the last 2 month is not paid.

20. Perfect Locking co. owned the patent of a safety lock. Raj and company acquired the right to manufacture and sell locks for six years on the following terms:
- Raj & Co. to pay Perfect Locking co. a royalty of Rs.5 for each lock sold with a minimum annual payment of Rs.50,000. Accounts to be settled annually on 31<sup>st</sup> December.
  - If any year if royalty calculated on locks amounted to less than Rs.50000, Rao & co. is to have the right to deduct the deficiency from the royalty payable in excess of the sum in two following years.

The numbers of locks sold during the period are as follows:

Year ended 31 <sup>st</sup> December	1992	8000
	1993	9000
	1994	11000
	1995	19000

Prepare necessary ledger accounts to record the transactions in the books of Rao & co. Accounts are closed annually on 31<sup>st</sup> December.

21. A fire occurred in premises of unlucky Ltd.. on 20<sup>th</sup> Feb, 2002. The company has taken out a fire insurance policy of Rs. 1,00,000 covering its stock in trade and the policy was subject to average clause. Compute the claim to be made by the company.

	<b>Rs.</b>
• Stock on 1 <sup>st</sup> Jan 2001	90,000
• Purchases made during the period 2001	3,65,000
• Purchase returns during the period 2001	5,000
• Stock as on 31 <sup>st</sup> Dec,2001	1,26,000
• Sales for the year 2001	4,10,000
• Sales returns made during the year 2001	10,000
• Purchases from 1-1-2002 to the date of fire	84,000
• Sales from 1-1-2002 to date of fire	1,03,000
• Sales returns from 1-1-2002 to date of fire	4,000
• Value of stock saved	19,800
• It was the practice of the concern to value stocks at cost less 10%	

\$\$\$\$\$\$