



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP**

**FIRST SEMESTER – NOVEMBER 2014**

**BC 1502 - FINANCIAL ACCOUNTING**

Date : 07/11/2014  
Time : 01:00-04:00

Dept. No.

Max. : 100 Marks

**SECTION – A**

**ANSWER ALL QUESTIONS:**

**(10 x 2=20)**

1. What is Balance sheet?
2. State the objectives of Branch Accounting.
3. Give the adjusting entry: a) private purchases amounting to Rs. 500 had been included in the purchases day book. B) Rs. 300 distributed as samples.
4. What do you mean by default and repossession?
5. List the various causes for depreciation
6. A manufacturer sells away a part of the plant for Rs. 5,500 on 30<sup>th</sup> June, 2012 at a profit of 25% on book value on 1<sup>st</sup> January, 2012. Depreciation is written at 10% p.a. Give plant account.
7. The capital of Ravi on 1-4-2014 was Rs. 15,000. he keeps his books on single entry. During the year he introduced a further capital of Rs. 4,000 and withdrew for domestic expenses Rs. 1,500. On 31-3-2014 his total assets were Rs. 32,000 and creditors were to be paid Rs. 3,500 (the only liabilities apart from capital). Find out the profit.
8. Goods are sent from head office to a branch at a price so as to include 25% profit on the transfer price. What will be the amount of reserve on a closing stock of Rs. 15,000 at the branch.
9. How would the following expenses be distributed among various departments: 1) Rent 2) Lighting, 3) Insurance premium 4) depreciation.
10. Goods of Rs. 80,000 are insured for Rs. 70,000 subject to average clause. Loss due to fire is assessed at Rs. 16,000. Calculate what claim the insured will get from the insurers.

**SECTION – B**

**ANSWER ANY FOUR QUESTIONS:**

**(4 x 10=40)**

11. Distinguish between Single Entry and Double Entry Systems.
12. A head office in Chennai has a branch in Delhi to which goods are invoiced by the Head office at cost plus 25%. All cash received by the branch is daily remitted to Head office. From the following particulars, show how the Branch account will appear in the H.O books. Entries are to be made at Invoice price.

Stock on January 1,2013 (at Invoice Price)	62,500
Debtors on 1-1.2013	60,000
Goods supplied by the H.O. (at Invoice Price)	2,00,000
Cash sales	80,000
Cash received from customers	1,47,500
Goods returned to the head office (at Invoice Price)	12,000

Cheques received from the H.O:

Wages and Salaries	55,000	
Rent, rates and taxes	15,000	
Sundry expenses	<u>2,550</u>	72,550

Stock on 31-12-2013(at Invoice Price)	75,000
Debtors on 31-12-2013	1,12,500
Liability for petty expenses	550

13. Lama Ltd. has two departments – Raja and Rani. From the following data prepare Trading and Profit & Loss Account and the Combined Income Account for the year ended 31-3-2007:

	Departments	
	Raja	Rani
	Rs.	Rs.
Stock as on 1-4-2013	45,000	15,000
Purchases	1,80,000	30,000
Direct Wages	20,000	10,000
Transfer of goods from 'Raja'	-	40,000
Sales	2,10,000	90,000
Stock as on 31-3-2014	40,000	20,000

Department Rani's stock represents goods transferred from Dept. Raja. Goods were transferred from 'Raja' to 'Rani' at 25% above cost. Interest Rs. 4,000; Salaries and wages Rs. 10,000; depreciation Rs.6,000 and administrative and selling expenses amounting to Rs. 12,000 are to be allocated in the ratio of departmental gross profits. Opening figure of reserve for unrealized profits on departmental stock was Rs. 1,000.

14. X purchased a car from Y costing Rs. 1,50,000 on hire purchase system. Payment was to be made Rs. 30,000 down and remainder in 3 equal annual instalments together with interest at 5%p.a. X provides depreciation at 20% p.a on diminishing balance basis. X paid the first instalment at the end of first year but could not pay the next. Y took possession of the car. He spends Rs. 5,800 on the car and sold it for Rs. 80,000. Show necessary ledger accounts in the books of both parties.
15. A fire occurred in the premises of a businessman on 31<sup>st</sup> January 2014, which destroyed most of the stock. However, stock worth Rs. 5,940 was salvaged. The insurance policy for stock destroyed was for Rs. 4,50,000.

The summarized Trading Account for the year ended 31<sup>st</sup> December, 2013 is as follows:

Turnover	15,00,000
Closing stock	3,93,750
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	18,93,750
Less: Opening stock	3,09,375
Purchases	13,59,375
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	<u>16,68,750</u>
Gross Profit	2,25,000

The transactions for the month of January 2014 were as under:

	Rs.
Turnover	75,000
Payment to creditors	80,010
Creditors as on 1-1-2014	1,13,000
Creditors as on 31-1-2014	1,15,490

You are required to submit claim for insurance for loss of stock.

16. What are adjusting entries? Why are these necessary for preparing final accounts?
17. A and Co. Ltd. having its Head office at Delhi, with branches at Lucknow and Allahabad closes its annual accounts on 31<sup>st</sup> December, which the following transactions have taken place:
- Remittances of Rs. 4,500 made by Lucknow Branch to its Head office on 30<sup>th</sup> December, received by Head office on 5<sup>th</sup> January
  - Goods valuing Rs. 2,200 despatched by Allahabad Branch on 27<sup>th</sup> December, under instructions from the Head office and received by the Lucknow Branch on 30<sup>th</sup> December.
  - Depreciation amounting to Rs. 1,100 on Lucknow Branch Fixed Assets when accounts of such assets are maintained at the Head office.
  - Lucknow Branch paid Rs. 400 dividend to a local shareholder on behalf of the Head office.
  - Lucknow branch draws a bill receivable for Rs. 5,000 on Allahabad branch which sends its acceptance.
- Pass adjusting journal entries in the books of Head office.

### SECTION – C

**ANSWER ANY TWO QUESTIONS:**

**(2 x 20=40)**

18. Ramesh keeps his books on single entry basis. Prepare a statement of affairs as on 31.10.1982 and a statement of profit (or) loss for the period ending 31.10.1982.

Assets & Liabilities	1.11.81	31.10.1982
	Rs.	Rs.
Bank Balance	560(Cr)	350(Dr)
Cash on hand	10	50
Debtors	4,500	3,600
Stock	2,700	2,900
Plant	4,000	4,000
Furniture	1,000	1,000

Ramesh had withdrawn Rs.2,000 during the year and had introduced fresh capital of Rs.4,200 on 1.7.1982. A provision of 5% on debtors is necessary. Write off Depreciation on Plant at 10% and furniture at 15%. Interest on capital is to be allowed at 5%.

19. The following are the balances extracted from the books of Thiru Ram as on 31.3.2006. Prepare Trading and Profit and Loss account for the year ended 31<sup>st</sup> December, 2006 and a Balance sheet as on that date.

Debit Balances	Rs.	Credit Balances	Rs.
Opening Stock	20,000	Capital	1,00,000
Machinery	40,000	Purchases Returns	1,000
Purchases	70,000	Sales	90,000
Sales Returns	1,000	Creditors	29,000
Wages	2,000		
Salaries	5,000		
Office Rent	2,000		
Insurance	1,000		
Debtors	50,000		
Cash	4,000		
Bank	25,000		
<b>Total</b>	<b>2,20,000</b>		<b>2,20,000</b>

Adjustments:

- Closing stock is valued at Rs.20,000
  - Outstanding Salaries Rs.1,000
  - Prepaid Insurance Rs.500
  - Bad debts Rs.1,000
  - Provide 10% depreciation of machinery.
20. A company purchased a second – hand machinery on 1<sup>st</sup> Jan. 2003 for Rs. 37,000 and immediately spent Rs. 2,000 on its repairs and Rs. 1,000 on its erection. On 1<sup>st</sup> July 2004 it purchased another machine for Rs. 10,000 and on 1<sup>st</sup> July, 2005, it sold off the first machine purchased in 2003 for Rs. 28,000 and on the same date it purchased another machine for Rs. 25,000. On 1<sup>st</sup> July, 2006 the second machinery purchased for Rs. 10,000 was also sold off for Rs. 2,000.
- Depreciation was provided on the machinery at the rate of 10% on the original cost annually on 31<sup>st</sup> December. In 2004, however the company changed the method of providing depreciation and adopted the written down value method, rate of depreciation being 15%. Give the machinery account.
21. What are the various journal entries to be passed in the books of hire-purchaser and vendor in case the goods are sold under hire purchase system?

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