

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP****FIRST SEMESTER – NOVEMBER 2022****UBC 1501 – FINANCIAL ACCOUNTING**

Date: 22-11-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A**Answer ALL the Questions**

1. Define the following	(5 x 1 = 5)	
a) Write a note on balance sheet	K1	CO1
b) Define depreciation	K1	CO1
c) Write a note on non profit organisation	K1	CO1
d) What do you mean by branch accounts?	K1	CO1
e) What is repossessed stock?	K1	CO1
2. Fill in the blanks	(5 x 1 = 5)	
a) Give expansion for IFRS _____	K1	CO1
b) Trading account is a _____ account	K1	CO1
c) Gradual decrease in the value of assets is termed as _____	K1	CO1
d) Give one example for revenue nature of income _____	K1	CO1
e) When branch does not maintain its own set of book, it is termed as _____	K1	CO1
3. Match the following	(5 x 1 = 5)	
a) Depreciation - (i) repossession	K2	CO1
b) Capital expenditure - (ii) debtors system	K2	CO1
c) Branch a/c - (iii) fixed assets	K2	CO1
d) Profit unrealised in stock - (iv) depletion	K2	CO1
e) Hire purchase - (v) stock reserve	K2	CO1
4. TRUE or FALSE	(5 x 1 = 5)	
a) Ledger is the identifiable grouping of numerous business transactions	K2	CO1
b) Change in the method of depreciation is not allowed in financial accounting	K2	CO1
c) In Insurance policies for discouraging under insurance, averages clause is used	K2	CO1
d) Receipts and payment always start with opening balance of cash	K2	CO1
e) Hirer get possession of goods on paying the last instalment	K2	CO1

SECTION B**Answer any TWO of the following in 100 words****(2 x 10 = 20)**

5.	A head office in Mumbai sends to its branch at Chennai marked 20% above cost. From the following particulars, show how the branch A/c will appear in the Head office book :	K3	CO2																		
	<table border="1"> <tr> <td>Stock on 1.4.03 at the branch</td> <td></td> <td>1,800</td> </tr> <tr> <td>Drs. On 1.4.03 at the branch</td> <td></td> <td>3,000</td> </tr> <tr> <td>Petty cash 1.4.03 at the branch</td> <td></td> <td>30</td> </tr> <tr> <td>Goods supplied to the branch</td> <td></td> <td>30,000</td> </tr> <tr> <td>Remittance from branch</td> <td></td> <td></td> </tr> <tr> <td>Cash sales</td> <td>6,000</td> <td></td> </tr> </table>	Stock on 1.4.03 at the branch		1,800	Drs. On 1.4.03 at the branch		3,000	Petty cash 1.4.03 at the branch		30	Goods supplied to the branch		30,000	Remittance from branch			Cash sales	6,000			
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	Money received from Debtors	21,000	27,000		
	Cheques sent to branch :				
	Salary	900			
	Rent and taxes	150			
	Petty cash	110	1,160		
	Stock at branch on 31.03. 04		3,000		
	Debtors at branch on 31.3.04		4,800		
	Petty cash at branch on 31.3.04		20		
6.	Calculate the amount of stationery consumed during the year			K3	CO2
	Stock of stationery as on 1/1/2012		3000		
	Creditors on 1/1/2012		2000		
	Advanced paid on stationery carried from 2011		200		
	Amount paid on stationery during the year		10,800		
	Stock of stationery on 31/12/2012		500		
	Creditors for stationery on 31/12/2012		1,300		
	Advanced paid on stationery carried from 2012		1,300		
7.	Madhu purchased a machine for Rs 8,000 on 1st april 1990 and spent Rs 3,500 on its installation, depreciation is written off@10% p.a on the original cost .On 30th june 1993, the machine was found to be unsuitable and sold for Rs 6,500 . Prepare the machine account from 1990 to 1993 assuming that the accounts are closed on 31st December every year			K3	CO2
8.	X, the proprietor of a departmental store, decided to calculate separate profits for his two departments L and M for the month ending 31st December. Stock on 31st December could not be valued for certain unavoidable reasons but his rates of gross profit on sales for the two departments are 40% and 30%. The following figures are			K3	CO2
		Dept L	Dept M		
	Opening stock	9,000	8,400		
	Sales	42,000	36,000		
	Purchases	27,000	21,600		
	Direct expenses	5,490	8,520		
	Indirect expenses for the whole business containing five departments are Rs.10,800 which are to be charged in proportion to department sales except as to 1/6th, which is to be divided equally. Sales for the remaining three departments were Rs.1,02,000. Prepare a statement showing profits for the two departments.				
SECTION C					
Answer any TWO of the following in 100 words				(2 x 10 = 20)	
9.	Ramu trades have taken out a fire policy of Rs 8,00,000 covering its stocks- in – trade. A fire occurs on 31 st march 1998 and stock was destroyed with the exception of the value of Rs 2,06,800. Following particulars are available from the book of accounts of the firm			K4	CO3
	Stock on 31 st December 1997		3,00,000		
	Purchases to the date of firm		13,00,000		
	Sales to the date of the firm		9,00,000		
	Commission paid to the purchases		2%		
	Carriage paid on purchases		8,000		
	Average gross profit on cost		50%		

	The policy was subject to average clause. You are required to arrive at the (a). Total loss of stock and (b). Amount claim to be made against the insurance company																																																						
10.	Discuss in detail about characteristics of IFRS	K4	CO3																																																				
11.	Malan purchased a machine on hire purchase system on 1.1.2001. The terms of payment are four annual instalments of Rs 12,690 at the end of each year. Interest is charged @ 5% and is included in the annual payment of Rs 12,690. Show the machinery account and hire vendor account in the books of Malan who defaulted in the payment of third yearly instalment where upon the vendor repossessed the machinery. Malan provides depreciation on the machinery @ 10% on the reducing balance.	K4	CO3																																																				
12.	The following balances were extracted from the book of Prasad on 31 st March, 1994. <table border="1" data-bbox="279 616 1204 1198"> <thead> <tr> <th></th> <th>Rs.</th> <th></th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>50,000</td> <td>Creditor</td> <td>5,000</td> </tr> <tr> <td>Drawing</td> <td>4,000</td> <td>Bad debts</td> <td>1,100</td> </tr> <tr> <td>General expenses</td> <td>5,000</td> <td>Loan</td> <td>15,760</td> </tr> <tr> <td>Buildings</td> <td>22,000</td> <td>Sales</td> <td>1,30,720</td> </tr> <tr> <td>Machinery</td> <td>18,680</td> <td>Purchases</td> <td>94,000</td> </tr> <tr> <td>Stock</td> <td>32,400</td> <td>Motor car</td> <td>4,000</td> </tr> <tr> <td>Power</td> <td>4,480</td> <td>Reserve fund(Cr)</td> <td>1,800</td> </tr> <tr> <td>Taxes and insurance</td> <td>2,630</td> <td>Commission(Cr)</td> <td>2,640</td> </tr> <tr> <td>Wages</td> <td>14,400</td> <td>Car expenses</td> <td>3,600</td> </tr> <tr> <td>Debtor</td> <td>12,560</td> <td>Bills payable</td> <td>6,700</td> </tr> <tr> <td>Bank overdraft</td> <td>6,600</td> <td>Cash</td> <td>160</td> </tr> <tr> <td>Charity</td> <td>210</td> <td></td> <td></td> </tr> </tbody> </table> Stock on 31 st March 1994 was valued at Rs 47,000. Prepare the final accounts for the year on 31 st march 1994		Rs.		Rs.	Capital	50,000	Creditor	5,000	Drawing	4,000	Bad debts	1,100	General expenses	5,000	Loan	15,760	Buildings	22,000	Sales	1,30,720	Machinery	18,680	Purchases	94,000	Stock	32,400	Motor car	4,000	Power	4,480	Reserve fund(Cr)	1,800	Taxes and insurance	2,630	Commission(Cr)	2,640	Wages	14,400	Car expenses	3,600	Debtor	12,560	Bills payable	6,700	Bank overdraft	6,600	Cash	160	Charity	210			K4	CO3
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SECTION D

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13.	X Ltd. Of Madras has a branch at Trichy and in order to maintain strict control on stocks, invoices goods to branch at selling price which is cost plus 33 1/3 %. From the following particular make out the branch stock A/c, branch debtor A/c and other necessary accounts to shown the gross profit and Net profit / Net loss made ther order to maintain strict control on stocks, invoices goods to branch at selling price which is cost plus 33 1/3 %. From the following particular make out the branch stock A/c, branch debtor A/c and other necessary accounts to shown the gross profit and Net profit / Net loss made there. <table border="1" data-bbox="191 1825 1252 2094"> <tbody> <tr> <td>Stock on 1.1.04 (invoice price)</td> <td>15,000</td> </tr> <tr> <td>Debtors on 1.1.04</td> <td>11,400</td> </tr> <tr> <td>Goods invoiced to branch (invoice price)</td> <td>67,000</td> </tr> <tr> <td>Bad debts written off</td> <td>250</td> </tr> <tr> <td>Discount allowed to customers</td> <td>300</td> </tr> </tbody> </table>	Stock on 1.1.04 (invoice price)	15,000	Debtors on 1.1.04	11,400	Goods invoiced to branch (invoice price)	67,000	Bad debts written off	250	Discount allowed to customers	300	K5	CO4
Stock on 1.1.04 (invoice price)	15,000												
Debtors on 1.1.04	11,400												
Goods invoiced to branch (invoice price)	67,000												
Bad debts written off	250												
Discount allowed to customers	300												

Expenses at the branch	6,700
Cash sales	31,000
Credit sales	37,000
Stock on 31.12.04 (invoice price)	13,400
Cash received from debtors	40,000

14. Prepare an income and Expenditure Account for the year ended 31st March, 1994 and the Balance sheet as on that date o Modern college the following:
Receipts and payment Account for the year ended 31st March,1984

K5

CO4

Receipts	Rs	payments	Rs
To cash on 1-14-1983	20,000	By pay and Allowances	70,500
To Tuition fees	59,000	By provident fund Contribution	5,540
To Fines	1,000	By printing and Stationery	700
To Grants from state Government	30,000	By Books for Library	4,600
To interest on Securities	300	By postage and Telegrams	500
To Rent from use of Hall	1,000	By Newspapers etc.	300
		By Science Equipment's (capital Expenditure)	480
		By Laboratory Expenses	500
		By Construction of New Building	4,700
		By Repairs and Maintenance	600
		By Audit Fee	300
		By General charges	580
		By Cash on 31-3-1984	22,000
	1,11,300		1,11,300

The college had the following assets as on 31st March 1983:

Furniture Rs.35,000: Land and Buildings Rs.1,60,000: Library Books Rs.24,000; Investment Rs.10,000 and outstanding Tuition fee Rs.2,200.

Provide for Depreciation on the closing balance of the following Asset: Land and Building @; Furniture @15% and Library Books @20%

SECTION E

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15.	Distinguish between Hire purchase system and instalment purchase system				K6	CO5
16.	From the following trial balance of Mr. Hari as on 31 st March 2005, prepare trading, profit and loss account and balance sheet taking into account the following adjustment.					
	Debits	Rs	Credits	Rs	K6	CO5
	Land and building	42,000	Capital	62,000		
	Machinery	20,000	Sales	98,780		
	Patents	7,500	Written outwards	500		
	Stock on 1.4.2004	5,760	Creditors	6,300		
	Debtors	14,500	Bills payable	9,000		
	Purchases	40,675				
	Cash in hand	540				
	Cash at bank	2,630				
	Return inwards	680				
	Wages	8,480				
	Fuel and power	4,730				
	Carriage on sales	3,200				
	Carriage on purchases	2,040				
	Salaries	15,000				
	General expenses	3,000				
	Insurances	600				
	Drawings	5,245				
		1,76,580		1,76,580		
	Adjustments					
	(a). Stock on 31.3.2005 was Rs 6,800					
	(b). Salary outstanding Rs 1,500					
	(c) insurance prepaid Rs 150					
	(d) depreciation machinery @ 10 % and patents @ 20%					
	(e) create a provision of 2% on debtors for bad debtors					
