

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com.DEGREE EXAMINATION –COMMERCE

FIRST SEMESTER – APRIL 2018

CO 1500– FINANCIAL ACCOUNTING

Date: 27-04-2018
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

SECTION – A (10*2=20 MARKS)
ANSWER ALL QUESTIONS

1. What do you understand by final accounts?
2. Define Depreciation.
3. Define single entry.
4. Write the meaning of conversion method.
5. What do you mean by branch account?
6. Write the meaning of departmental accounting.
7. What do you mean by installment system?
8. Define Hire purchase system.
9. Define social responsibility accounting.
10. What do you mean by Human Resource Accounting?

SECTION – B (4*10=40 MARKS)
ANSWER ANY FOUR QUESTIONS

11. Differentiate single entry from double entry system.
12. (a) Discuss the need for departmental accounting.
(b) Distinguish between departments and branches.
13. A machine purchased on 1st July 1983 at a cost of Rs. 14,000 and Rs. 1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs. 9,500 on 31st March 1986. Show the machinery account for all the years.
14. The proprietor of a large retail store wished to ascertain approximately the net profit of the X,Y and Z departments separately for the three months ended 31st March 1996. It is found impracticable actually to take stock on that date, but an adequate system of departmental accounting is in use, and the normal rates of gross profit for the three departments concerned are respectively 40%, 30% and 20% on turnover before charging the direct expenses. The indirect expenses are charged in proportion to departmental turnover.
The following are the figures for the departments:

Particulars	X Rs.	Y Rs.	Z Rs.
Opening stock (1.1.96)	10,000	14,000	7,000
Purchases	12,000	13,500	9,700
Sales	20,000	18,000	16,000
Direct expenses	2,000	1,500	700

The total indirect expenses for the period (including those relating to other departments) were Rs.5,400 on the total turnover of Rs.1,08,000. Prepare a statement showing the approximate net profit, making a stock reserve of 10% for each department on the estimated value on 31.3.96.

15. On 1.1.86, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing of the contract) and Rs. 4,000 annually for three years. The cash price of the machinery is Rs. 14,900 and the rate of interest is 5%. Calculate the interest in each year's installments and prepare ledger in the books of hire vendor.
16. From the following particulars, prepare Bills receivable account and Total Debtor's Account for the year ended 31.12.1992:

Details	Rs.
Total Debtors on 1.1.1992	36,000
Bills Receivable on 1.1.1992	10,000
Sales (including cash sales Rs.20,000) made during the year	300,000
Cash received from debtors	200,000
Bills Receivable on 31.12.1992	15,000
Returns inwards	15,000
Discount allowed to debtors	10,000
Bad Debts written off	3,000
Bills receivable endorsed to creditors	10,000
Cash received on bills matured	15,000

17. Loyal Shoe Company opened a branch at Chennai on 1.1.89. From the following particulars, the Chennai Branch account for the years 1989 and 1990.

Particulars	1989 Rs.	1990 Rs.
Goods sent to Chennai Branch	15,000	45,000
<u>Cash sent to Branch for:</u>		
Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the branch	24,000	60,000

Stock on 31 st December	2,300	5,800
Petty cash in hand on 31 st December	40	30

SECTION – C (2*20=40 MARKS)

ANSWER ANY TWO QUESTIONS

18. Edward's books show the following balances. Prepare his trading and profit and loss account for the year ended 31st March 2018 and Balance Sheet as on that date.

Debit	Rs.	Credit	Rs.
Drawings	5,000	Capital	1,08,850
Bills Receivable	4,500	Loan at 6% p.a.	20,000
Land and Building	37,770	Sales	3,50,000
Sundry Debtors	62,000	Interest on investment	5,640
Wages and Salaries	40,970	Sundry creditors	59,000
Return inwards	2,780	Commission received	630
Purchases	2,56,590	Return outwards	6,430
Postage and Telegram	5,620		
Stock on 1.1.2017	89,680		
Printing and Stationary	880		
Travelling expenses	12,000		
Interest on loan paid	300		
Petty cash	70		
Bank Balance	8,800		
Repairs	3,620		
Commission	470		
Furniture	500		
Investment	19,000		
Total	5,50,550	Total	5,50,550

Adjustments:

- Closing stock was Rs.1,28,960 on 31.12.2017
- Commission received but not earned Rs.130
- Travelling expenses were over drawn by the employees to the extent of Rs.2,000
- Create 5% reserve on sundry debtors and allow 2% discount on debtors and creditors
- Interest on loan due for 9 months
- 1/4th of the wages and salaries should be charged to trading account.

19. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash receipts to the head office and all the expenses are met by H.O. From the following particulars, prepare necessary account on the stock and debtors system to show the profit and loss at the branch:

Particulars	Rs.	Particulars	Rs.
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Stock on 1.1.17 (invoice price)	27,900	Goods returned by debtors	3,600
Debtors on 1.1.17	20,400	Goods returned to H.O. by branch	4,500
Goods invoiced to branch (invoice price)	1,53,000	Shortage of stock	1,350
Cash sales	75,000	Discount allowed	600
Credit sales	93,000	Expenses at the branch	16,200
Cash collected from debtors	91,200	Bad debts	600

20. On 1.1.2010 National Transport Company purchased from Metro Motors five trucks costing Rs.40,000 each on the hire purchase system. It was agreed that Rs.50,000 should be paid immediately and the balance in three installment of Rs.60,000 each at the end of each year. The Metro Motors charges interest at 10% p.a. The buyer depreciates the trucks at 20% p.a. on the diminishing balance method. The buyer paid cash down and two installments but failed to pay the last installments. Consequently the Metro Motors repossessed three trucks leaving two trucks with the buyer and adjusting the value of three trucks against the amount due. The trucks repossessed were valued on the basis of 30% p.a. on written down value. The trucks repossessed were sold to buy Metro Motors for Rs.60,000, after necessary repairs amounting to Rs.10,000. Open the necessary ledger account in the books of both the parties.

21. (a) Explain the different aspects of Human Resource Accounting in detail.

(b) Discuss the need for social responsibility accounting and environmental account.
