



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2025

UCO 1501 – FINANCIAL ACCOUNTING



Date: 23-04-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. Choose the Correct Answer

a) IFRS stands for:

- a) International Financial and Reporting Standards
- b) Indian Financial Reporting Standards
- c) International Federation of Reporting Standards
- d) International Financial Reporting Standards

b) Receipts and Payments Account is prepared on which basis?

- a) Accrual Basis
- b) Cash Basis
- c) Hybrid Basis
- d) Double Entry System

c) The ratio in which remaining partners absorb the retiring partner's share is called:

- a) Sacrificing Ratio
- b) Gaining Ratio
- c) Old Ratio
- d) New Ratio

d) Which system is used to maintain accounts of dependent branches?

- a) Stock and Debtors System
- b) Cash System
- c) Accrual System
- d) Direct Method

e) Account Current is used to record:

- a) Fixed Assets
- b) Periodic Transactions
- c) Income Tax Payments
- d) Depreciation

2. State True or False

- a) Accounting helps in decision-making by providing financial data.
- b) Income and Expenditure Account is prepared on an accrual basis.
- c) A retiring partner does not get any share in the firm's goodwill.
- d) Inter-departmental transfers are recorded at market price.
- e) Hire Purchase and Installment Systems are the same.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Fill in the blanks

- a) The fundamental accounting equation is Assets = _____ + Liabilities.
- b) Subscriptions received in advance are treated as _____.

c)	When a partner retires, the amount payable to him is shown under _____ in the firm's balance sheet.
d)	The transfer of goods between departments is recorded at _____ price.
e)	In hire purchase, ownership of goods is transferred only after the _____ is paid.
4.	Answer the following
a)	What is Gross Profit?
b)	Define Receipts and Payments Account.
c)	What is a Sacrificing Ratio?
d)	Define Inter-Departmental Transfer.
e)	What is Repossession in Hire Purchase?

SECTION B - K3 (CO2)

Answer any TWO of the following in 100 words each.

(2 x 10 = 20)

5.	From the following information, prepare the Trading Account for the year ending on 31st March 2024. Opening stock ₹ 1,50,000, cash sales ₹ 60,000, credit sales ₹ 12,00,000, Return outwards ₹ 10,000, Wages and salaries ₹ 4,000, carriage inwards ₹ 2,000, Freight charges ₹ 3,000, Cartage inwards ₹ 1000, cash purchases ₹ 50,000 credit Purchases ₹ 10,00,000 return inwards ₹ 20,000, closing stock on 31st March 2024 ₹ 84,000.																								
6.	Explain the role and importance of Accounting Standards in financial reporting.																								
7.	M/S Shivan, Dayan and Sadan were partners in a firm. Drawings made by them are as follows: Mr. Shivan- ₹ 1,500 on 1st of every month. Mr. Dayan- ₹ 2,000 on 15th of every month. Mr. Sadan- ₹ 1,000 on the last date of every month. Calculate interest on partners' drawings at 12% per annum.																								
8.	Compute the expenditure to be shown in Income and expenditure account from the following: <table style="margin-left: 40px; border: none;"> <tr> <td></td> <td style="text-align: right;">₹</td> </tr> <tr> <td>a.</td> <td></td> </tr> <tr> <td> Sports materials purchased for cash</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td> Opening stock of sports materials</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td> Closing stock of sports materials</td> <td style="text-align: right;">8,000</td> </tr> <tr> <td> Opening creditors for sports materials</td> <td style="text-align: right;">7,000</td> </tr> <tr> <td> Cash paid to creditors for sports materials</td> <td style="text-align: right;">22,000</td> </tr> <tr> <td> Closing creditors for sports materials</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>b.</td> <td></td> </tr> <tr> <td> Stationery purchased during the year</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td> Opening stock of stationery</td> <td style="text-align: right;">8,000</td> </tr> <tr> <td> Closing stock of stationery</td> <td style="text-align: right;">9,000</td> </tr> </table>		₹	a.		Sports materials purchased for cash	20,000	Opening stock of sports materials	5,000	Closing stock of sports materials	8,000	Opening creditors for sports materials	7,000	Cash paid to creditors for sports materials	22,000	Closing creditors for sports materials	6,000	b.		Stationery purchased during the year	40,000	Opening stock of stationery	8,000	Closing stock of stationery	9,000
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SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each.

(2 x 10 = 20)

9.	Explain the factors affecting goodwill valuation in partnership firms.					
10.	The following purchases were made by a business house having three departments. <table style="margin-left: 40px; border: none;"> <tr> <td>Dept. A – 2000 units</td> <td rowspan="3" style="font-size: 2em; vertical-align: middle;">}</td> <td rowspan="3" style="vertical-align: middle;">At a cost of ₹ 2,00,000</td> </tr> <tr> <td>Dept. B – 4000 units</td> </tr> <tr> <td>Dept. C – 4,800 units</td> </tr> </table> Stocks on 1st January were: Dept. A – 240 Units Dept – B – 160 Units Dept C - 304 Units Sales were: Dept. A – 2040 units at ₹ 20 each Dept. B - 3840 units at ₹ 22.50 each Dept. C – 4992 units at ₹ 25 each	Dept. A – 2000 units	}	At a cost of ₹ 2,00,000	Dept. B – 4000 units	Dept. C – 4,800 units
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Dept. B – 4000 units						
Dept. C – 4,800 units						

The rate of gross profit is same in each case. Prepare Departmental Trading Account.

11. The capital accounts of Adhar and Budhar stood at ₹ 40,000 and ₹ 30,000 respectively after the necessary adjustments in respect of drawings and the net profit for the year ended 31st December, 2022. It was subsequently ascertained that 5 per cent per annum interest on capital and drawings was not taken into account in arriving at the net profit. The drawings of the partners had been: Adhar ₹ 12,00 drawn at the end of each quarter and Budhar ₹ 1,800 drawn at the end of each half year.
The profits for the year as adjusted amounted to ₹ 20,000. The partners shared profits in the proportion- Adhar 3/5 and Budhar 2/5.
You are required to pass journal entries and to show the adjusted capital accounts of the partners.

12. Distinguish between receipts and payment account and Income and expenditure account

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13. From the following Trial Balance of Trial Balaance of Thiru. Rehman as on 31st March 2022, Prepare Trading and profit & Loss A/c and Balance sheet taking into account the adjustment:

Debit balances	₹	Credit Balances	₹
Land and Building	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return Outwards	500
Stock 1-4-2021	5,760	Sundry Creditors	6,300
Sundry 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 & Power	4,730		
Carriage on sales	3,200		
Carriage on Purchases	2,040		
Salaries	15,000		
General Expenses	3,000		
Insurance	600		
Drawing	5,245		
	1,76,580		1,76,580

Adjustments:

1. Stock on 31-3-2022 was ₹6,800
2. Salary outstanding ₹1,500.
3. Insurance Prepaid ₹150
4. Depreciate machinery @10% and patents @20%.
5. Create a provision of 2% on debtors for bad debts.

14. Arul and Asha are partners sharing profits in the ratio of 1:1. Their balance sheet stood as under on 31. 12. 2019.

Liabilities	₹	Assets	₹
Arul's Capital	60,000	Land and Building	60,000
Asha's Capital	40,000	Furniture	10,000
General Expenses	10,000	Stock	15,000
Creditors	30,000	Debtors	10,000
Bank A/c	5,000	(-) Bad debt	500
		Cash in Hand	50,500
	1,45,000		1,45,000

On 1. 1. 2020 Arjun was admitted as a partner with 1/5 th sharing in future profits.

Following are the terms for his terms for his admission:

Land and Building be valued at ₹ 80,000

Value of the furniture and stock reduced by 10%
 Goodwill ₹ 10,000 brought in cash by Arjun.
 Arjun to bring ₹ 20,000 as his capital
 Provision for bad debts be increased to ₹1,000.

Prepare necessary ledger Accounts and Balance Sheet of the newly constituted firm.

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15. Mr. A purchased a machine from B Ltd. For Rs,5,60,000: payments to be made ₹1,50,000 down three instalments of ₹1,50,000 each at end of each year. He depreciates the assets at 10% per annum on written down value method.
 Because of financial difficulties, Mr. A after having paid down payments and first instalment at the end of the first year, could not pay second instalment and the seller took possession of the assets. Open ledger account in the books of both parties to record the transactions.

16. Dara stores Ltd. With their head office at Delhi invoiced goods to its branch at Ghaziabad at 20% less than the listed price which is cost plus 100% with instructions that cash sales were to be made at invoice price and credit sales at catalogue price (i.e., list price)

	₹
Stock on 1st January 2019 (invoice price)	6,000
Debtors on 1st January 2019	5,000
Goods received from H.O (invoice price)	66,000
Cash Sales	23,000
Credit Sales	53,000
Cash received from Debtors	42,817
Expenses at branch	8,683
Remittances to H.O	60,000
Debtors on 31st December 2019	12,183
Stock on 31st December 2019 (invoice price)	8,800

Prepare a) Branch Stock A/c b) Branch Adjustment A/c c) Branch Debtors A/c d) Gross Profit e) Net Profit