



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – NOVEMBER 2014

CO 1502/CO 1500 - FINANCIAL ACCOUNTING

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

Dept. No.

Max. : 100 Marks

PART – A

Answer **ALL** questions:

(10x2=20)

1. Define depreciation.
2. Determine Gross Profit from the following: Opening stock – Rs 80,000, Purchases – Rs. 8,60,000, Sales – Rs. 14,40,000, Wages – Rs. 24,000, Purchase returns – Rs 10,000 and Closing stock – Rs. 1,00,000.
3. What is self balancing system?
4. What is single entry?
5. What is meant by goods-in-transit?
6. What is the basis for allocation of following expenses in departmental accounting?
(a) Bad debts (b) Depreciation on premises (c) Lighting (d) Rent & rates
7. What is installment purchase system?
8. On 1-1-2011, A Ltd. Purchased a machine from B Ltd. On hire purchase basis on the following terms: (a) cash price – Rs.7, 92,500 (b) Cash down payment – 20% (c) four annual equal installments of Rs.2, 00,000 each to be paid at the end of each year. Compute total interest payable by A Ltd.
9. State any 2 advantages of inflation accounting?
10. What is IFRS?

PART – B

Answer any **FIVE** questions:

(5x8=40)

11. Distinguish between double entry and single entry system.
12. What are the advantages of self-balancing ledgers?
13. On 1-1-2002, X Ltd. Purchased machinery for Rs.58,000 and spent Rs. 2,000 on its erection. On 1st July, 2002 an additional machinery costing Rs. 20,000 was purchased. On 1st July, 2004 the machine purchased on 1-1-2002 was sold for Rs. 28,600 and on the same date, new machinery was purchased at a cost of Rs.40, 000. Show the Machinery A/c for 4years starting from 2002 according to WDV method taking the rate of depreciation at 10% p.a.
14. A commenced business on April 1, 2011 with a capital of Rs.10,000. He immediately bought furniture for Rs.2,000. On 30th September, he borrowed Rs.5,000 from his wife @9% p.a. (interest not yet paid) and introduced a further capital of his own amounting to Rs. 1,500. A withdrew at the rate of Rs.300 p.m. at the end of each month for house hold expenses. On 31st March 2012 his position was as follows:
Cash in hand Rs.2,800; Sundry Debtors Rs.4,800; Stock Rs.6,800; Bills Receivable Rs.1,600; Sundry creditors Rs.500; and owing for Rent Rs.150, Furniture and fixtures to be depreciated by 10%. Ascertain the profit and loss made by A during 2011-12.

15. From the following particulars relating to the Hyderabad branch for the year ended 31/12/ 2010 Prepare Branch A/c in the books of H.O.

Stock at Branch on 1/1/2010	Rs.15,000
Debtors at Branch on 1/1/2010	30,000
Petty Cash at Branch on 1/1/2010	300
Goods sent to branch during 2010	2,52,000
Cash Sales during 2010	60,000
Received from Debtors during 2010	2,10,000
Credit Sales during 2010	2,28,000
Cheques sent to branch during 2010	
- For Salaries 9,000	
- For Rent & Rates 1,500	
- For Petty Cash 1,100	
- -----	11,600
Stock at Branch on 31/12/2010	25,000
Debtors at Branch on 31/12/2010	48,000
Petty Cash at Branch on 31/12/2010	200
Goods returned by branch	2,000

16. Mr. P purchased 4 cars for Rs.14,000 each on 1-1-92 under the hire purchase system. The hire purchase price for all the 4 cars was Rs.60,000 to be paid as Rs.15,000 down payment and 3 equal instalments of Rs.15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a on straight line method.

From the above particulars give relevant A/cs in the books of Mr. P.

17. The following information is given to you regarding X Ltd., for the financial year ended 31-3-2007.

	1-4-2006(Rs.)	31-3-2007(Rs)
Monetary assets	80,000	80,000
Monetary liabilities	1,00,00	1,00,000
Retail price index	200	300

Ascertain gain or loss on monetary items.

PART – C

(2x20=40)

Answer any **TWO** questions:

18. Mr. X keeps his books under single entry system. From the following prepare Trading and P & L A/c and Balance Sheet as on 31-3-2014

Cash book analysis shows the following:

	Rs.
Interest charges	100
Personal withdrawals	2,000
Staff salaries	8,500
Business expenses	7,500
Payment to creditors	15,000
Balance at bank as on 31.3.2014	425
Cash in hand as on 31.3.2014	75
Received from debtors	25,000
Cash sales	15,000

Further details available are:

	as on 31.3.2013(Rs.)	as on 31.3.2014(Rs.)
Stock on hand	9,000	10,220
Creditors	8,000	5,500
Debtors	22,000	30,000
Furniture	1,000	1,000
Office premises	15,000	15,000

Provide 5% interest on X's capital balance as on 1-4-2013. Provide Rs.1, 500 for doubtful debts. 5% depreciation on all fixed assets and 5% group incentive commission to staff has to be provided for on net profit after meeting all expenses and the commission.

19. A firm had two departments, cloth and readymade garments. The garments were made by the firm itself out of cloth supplied by the cloth departments at the usual selling price. From the following figures, prepare departmental trading and P&L A/c for the year ended 31.3.2004.

	Cloth dept. (Rs.)	Readymade dept. (Rs.)
Opening stock on 1.4.2003	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments dept.	3,00,000	-----
Manufacturing expenses	-----	60,000
Selling expenses	20,000	6,000
Stock on 31.3.2004	2,00,000	60,000

The stock in the readymade garments dept. may be considered as consisting of 75% cloth and 25% other expenses. The cloth dept. earned gross profit @15% in 2002-03. General expenses of the business as a whole came to Rs.1, 10,000.

20. Banerjee & Co. purchased 7 trucks on hire purchase on 1st July, 2008. The cash price of each truck was Rs.50, 000. The company has to pay 20% of the cash purchase price at the time of delivery and the balance in five half yearly installment starting from 31st December, 2008 with interest at 5% per annum at half yearly rest. On the company's failure to pay the installment due on 30th June, 2009, it was agreed that the company would return 3 trucks to the vendor and the remaining 4 would be retained. The vendor agreed to allow him a credit for the amount paid against these 3 trucks less 25%. Show the relevant accounts in the books of the purchaser and vendor assuming the books are closed in June every year and depreciation @ 20% p.a. is charged on trucks. Vendor after spending Rs.1, 000 on repairs sold away all the three trucks for Rs.40, 000.

21. a) What is Human Resource Accounting? Discuss its salient features.

b) Explain in detail, the advantages of Social Responsibility Accounting.

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