# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



## **B.COM.** DEGREE EXAMINATION – **COMMERCE**

## FIRST SEMESTER - NOVEMBER 2018

## CO 1500 - FINANCIAL ACCOUNTING

	Date: 22-10-2018 Dept. No. Time: 09:00-12:00	Max.: 100 Marks
An	SECTION – A nswer All questions:	(10 x 2 = 20 Marks)
1.	What do you mean by Dual aspect concept?	
2.	Give the adjusting entries for the following appearing under the	ne Trial balance:
	(i) Prepaid insurance (ii) Depreciation	
3.	Define Depreciation.	
4.	What do you mean by Single entry system?	
5.	Calculate the missing figure: Opening Capital Rs.15000 Profi	ts Rs.6000
	Closing capital Rs.39000 Drawings Rs. 4,000 Capital introduc	ced Rs
6.	Explain the terms: Goods in Transit.	
7.	What is 'Inter-departmental Transfer'?	
8.	Calculate statement of claim in insurance when stock on the d salvaged Rs.13500.	ate of fire was Rs.56400 and stock
9.	What is Short working?	
10.	List out two objectives of branch accounts.	
	SECTION – B	
An	nswer any FIVE Questions:	(5x8=40marks)
11	.State the features and defects of single entry system.	
12.	2. How hire-purchase differ from Installment system? Explain in det	ail.
13.	3.Explain the causes of depreciation.	

- 14. Mr. Gobi purchased a machine for Rs.8000 on 01. 04.2013. He spent Rs.2000 on its repair and installation. Depreciation is written off @ 10% p.a. on the Diminishing balance Method. The machinery was sold for Rs. 6,600 on 30.06.2015. Prepare the machine account for 3 years assuming that the accounts are closed on 31<sup>st</sup> December every year.
- 15. From the following figures drawn from books of a trader who maintains his accounts as per the single entry system, you are required to calculate total sales:

Particulars	Rs.	Particulars	Rs.
Bills Receivable at the	7800	Returns Inwards	8700
beginning of the year			
Debtors at the beginning of	30800	Bills Receivable	1800
the year		Dishonored	
Bills Receivable encashed	20900	Bills Receivable at the end	6000
during the year		of the year	
Cash received from Debtors	70000	Debtors at the end of the	25500
		year	
Bad debts written off	2800	Cash sales as per cash book	40900

16. From the data, prepare Departmental Trading, Profit & Loss account and thereafter the combined income account revealing the concern's true result for the year ended 31.12.2017.

	Dept. X	Dept.Y
G. 1 (1st T	Rs.	Rs.
Stock (1 <sup>st</sup> January) at cost	40,000	-
Purchase from outside	2,00,000	20,000
wages	10,000	1,000
Transfer of goods from Dept.A		50,000
Stock (Dec 31st) at Cost of the Dept.	30,000	10,000
Sale of outsiders	2,00,000	71,000

Y's entire stock represents goods from Dept.X which transfers them at 25% above its cost. Administrative and selling expenses amount Rs.15,000 which are to be allocated between departments X and Y in the ratio 4:1 respectively.

17. Ravi took licence from Gopi Co. for production and sale of flasks at a royalty of Rs.1.00 per piece sold subject to a minimum rent of Rs.12000. Short working is recoverable within 3 years of agreement. Pass journal entries in the books of Ravi.

Year		Ι	II	III	IV
Production	(Rs.)	16000	22000	18000	24000
Closing Stock	(Rs.)	24000	3200	6000	8000

18. A fire occurred in the premises of a company on 15.10.2018. From the following data, ascertain the loss of stock and prepare a claim for Insurance.

Stock on 1.1.2017	Rs. 30,600
Purchases from 1.1.2017 to 31.12.2017	1,22,000
Sales from 1.1.2017 to 31.12.2017	1,80,000
Stock on 31.12.2017	27,000
Purchases from 1.1.2018 to 15.10.2018	1,47,000
Sales from 1.1.2018 to 15.10.2018	1,50,000
Value of stock salvaged was	18,000
Amount of policy was	63,000

Stocks were always valued at 90% of cost

There was an average clause in the Policy.

#### **SECTION - C**

#### **Answer any TWO Questions:**

(2x20=40marks)

19. From the following particulars relating to Madurai Branch and the branch sells the goods not only for cash but on credit also. The expenses of the branch are paid by the head office. From the following particulars relation to the branch opened on 01.01.2017, prepare the necessary accounts under stock and debtors system in the head office books.

Particulars	Rs.	Particulars	Rs.
Goods sent to branch at	5000	Credit sales	5200
cost			
Goods returned by the	300	Discount allowed to customers	180
branch at cost			
Expenses paid by HO	1000	Cash Sales	250
Remittance from branch	4200	Branchstock(31.12.2017)	1700
Recipts from debtors not	300	Branch debtors(31.12.2017)	770
paid in by branch			

20. Mohan purchased a machine on hire purchase system on 1.1.2017. The terms of payment are four annual instalment of Rs.12,500 at the end of each year. Interest is charged @ 5% and is included in the annual payment of Rs.12500. Show machinery account and hire vendor account in the books of Mohan who defaulted in the payment of the third yearly payment where upon the vendor repossessed the machinery. Mohan provides depreciation on the machinery @ 10% p.a. on the reducing balance.

21. The Position of Muthu's business as on 1.1.2017 was as under: Sundry Creditors Rs.17000; Freehold premises Rs.50000; Stock Rs.25000; Sundry debtors Rs.20000; Furniture Rs.2000.

An abstract of the cash book is appended below

Receipts	Rs.	Payments	Rs.
Sundry Debtors Cash sales	15000 80000	Overdraft (1.1.2017) Expenses Drawings Sundry Creditors Cash in hand Cash at bank	10000 50000 3000 20000 2000 10000
	95000	<u> </u>	95000

The following additional information is available: Closing Stock Rs.30000; Closing Debtors Rs.25000; Closing Creditors Rs.12000. No additions were made during the year to premises and furniture but they are to be depreciated @ 10% and 15% respectively. A bad debts provision of 2.5% is to be raised. Prepare a Trading and profit and loss account for the year ended 31.12.2017, and a balance sheet as on that date.

\$\$\$\$\$\$\$