

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIRST SEMESTER – APRIL 2016

BC 1502/BC 2501/BC 2500 – FINANCIAL ACCOUNTING

Date: 02-05-2016

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

SECTION-A

Answer **All** the questions:

(10 x 2=20)

1. What are the objects of branch accounts?
2. Cost of Fixed Asset, Rs.6,800; Scrap Value Rs.800 Life of the assets, 10 years Calculate its depreciation per year.
3. Define the term Hire Purchase;
4. Determine the cost of goods sold from the following information.
Sales: Rs.1,60,000, Sales Return: Rs.10,000, Gross Profit: Rs.60,000.
5. Calculate Gross Profit from the following data:

	Rs.
Sales	4,20,000
Return Inwards	10,000
Return Outwards	20,000
Purchases	1,10,000
Closing Stock	30,000
Opening Stock	20,000
Wages and expenses	2,00,000

6. Journalise the following under stock and debtor system.
 - a) Goods sent to branch Rs.80,000
 - b) Cash sales Rs.65,000
7. Apportion the following expenses on the basis of cost of goods sold ratio among the four departments A,B,C and D.

Sales (Rs.): A: 2,00,000; B :1,50,000; C: 1,00,000; D; 50,000

G.P. Ratio 20% on sales

Expenses: Salaries Rs.6,000; Rent and Rates Rs.1,500; Insurance Rs.1,300.

8. Raman purchases a motor car from Bharathan whose cash price is Rs.56,000 on 1.1.03, Rs.15,000 is paid on signing the contract and the balance is to paid in three equal annual instalments of Rs.15,000 each. The rate of interest is 5% p.a. Calculate the amount of interest included in each instalment.
9. X purchased machinery under hire-purchase agreement from Y. The cash price of the machinery was Rs.15,500. The payment was to be made as follows:

	Rs.
On signing the agreement	3,000
I year end	5,000
II year end	5,000
III year end	5,000

Calculate interest for each year

10. From the following particulars calculate the debtors balance at the end.

Opening Balance of debtors	40,000
Total Sales	1,60,000
Cash Sales	20,000
Cash received from Debtors	60,000
Bad debts	4,000
Return Inwards	1,000
Bills received from Customers	18,000

SECTION B

Answer any **Four** questions

(4x10=40)

11. What is Depreciation ? What are the causes for Depreciation?

12. Distinguish between Hire Purchase system & Instalment System.

13. 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.

14. The position of a businessman who keeps his books on Single entry was as under on 31.12.90 and 31.12.91.

	<i>1990</i>	<i>1991</i>
	<i>Rs.</i>	<i>Rs.</i>
Cash in hand	400	480
Cash at Bank	6,000	2,500
Stock	6,500	5,000
Debtors	4,000	5,200
Furniture	300	350
Sundry Creditors	4,100	3,100

He withdraws Rs.7,500 from business on 2.1.91 out of which he spent Rs.5,200 for purchase of a motor truck for the business.

Adjustments:

- (a) Depreciation on closing balance of furniture and truck at 10%
- (b) Write off Rs.220 as bad debts
- (c) 5% Provision for bad and doubtful debts is needed.

Find out the profit or loss for the year.

15. On 1-1-94, a machinery was purchased for Rs.80,000. On 1-1-95 additions were made to the amount of Rs.40,000. On 31-3-96, Machinery purchased on 1-1-95 costing Rs.12,000 was sold for Rs.11,000 and on 30-6-96. Machinery purchased on 1-1-94 costing Rs.32,000 was sold for Rs.26,700. On 1-10-96 additions were made to the amount of Rs.20,000. Depreciation was provided at 10% p.a. on the diminishing balance method.

Show the machinery account for three years from 1994 to 1996.(Books closed on 31st December every year)

16. From the following particulars relating to Madurai Branch, Prepare Branch Account in the books of Head Office for the year ended 31-12-94.

	Rs.
Stock 1-1-94	30,000
Debtors 1-1-94	12,000
Petty cash 1-1-94	200
Goods sent to branch	50,000

Goods returned to H.O.	600
Sales at branch Cash	30,000
Credit	42,000
Sales returns at branch	300
Bad debts written off	300
Branch expenses paid by H.O	3,000
Petty Cash sent to branch	500
Petty Cash 31-12-94	300
Stock 31-12-94	12,500

17. M/s. Maruthu & Sons has two departments; cloth and readymade. Readymade clothes are manufactured by the firm itself out of cloth supplied by the cloth department at its usual selling rate. From the following figures, prepare departmental trading and P & L A/c. and General P & L.A/c for the year ending 31-12-91.

	<i>Cloth Dept</i>	<i>Readymade Dept.</i>
	<i>Rs.</i>	<i>Rs.</i>
Opening Stock on 1-1-91	3,60,000	60,000
Purchases	29,00,000	20,000
Sales	35,00,000	7,00,000
Transfer to Readymade dept.	4,50,000	-
Manufacturing expenses	-	1,40,000
Closing Stock on 31-12-91	1,00,000	48,000

General expenses incurred for both the departments were Rs.1,20,000.

The stocks in the Readymade department may be considered as consisting of 662/3% cloth and 331/3% other expenses. The cloth department earned profit at the rate of 18% in 1990.

SECTION C

Answer any **Two** questions:

(2 x 20=40)

18. The following are the balances extracted from the ledger of Karikalan as on December 31.1993:

	Rs		Rs.
Karikalan's Capital	20,000	Reserve for discount on debtors	200
Drawings	3,500	Loan @ 9%	5,000
Buildings	10,000	Salaries	4,400
Machinery	2,500	Wages	7,500
Furniture & Fittings	600	Rent	2,750
Opening Stock	12,500	Travelling Expenses	1,250
Cycle	400	Postage & Telegrams	135
Purchases	75,000	Rates & Taxes	90
Sales	1,25,000	Carriage Inwards	2,500
Sales Returns	5,000	Carriage Outwards	750
Duty paid on purchases	15,000	Interest paid	375
Sundry Debtors	10,000	General charges	900
Sundry creditors	7,500	Bad debts	300
Reserve for bad & doubtful debts	400	Cash in hand	250
		Cash at Bank	2,400

The following adjustments are necessary:

- Stock on 31-12-93 Rs.14,000
- Provide the following outstanding: Salary Rs.400; Rent Rs.250; Wages Rs.600 and Interest Rs.75
- Maintain the reserve for doubtful debts at 5% and the reserve for discount on debtors at 2.5% on sundry debtors.
- Provide depreciation for Building 2.5% , Machinery 10%, Furniture 6% and Cycle 15%.

Prepare Trading & Profit and Loss A/c. and the Balance Sheet for the year ended 31-12-93.

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

	Rs.		Rs.
Stock on 1.1.89(Invoice Price)	27,900	Goods returned by debtors	3,600
Debtors on 1.1.89	20,400	Goods returned to H.O. by branch	4,500
Goods invoiced to the 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. Mehta Ram of Ram Nagar purchased goods for his three departments as follows:

Dept X – 200 units

Dept Y – 1,400 units Total Cost Rs.5,100

Dept Z – 400 units

Sales of the three departments were as follows.

Dept X – 180 units @ Rs.15 per unit

Dept Y - 1,500 units @ Rs.18 per unit

Dept Z – 450 units @ Rs.6 per unit

Other information about stock in the beginning was as follows:

Dept X – 100 units

Dept Y - 400 units

Dept Z – 60 units

Mehta Ram informs you that the rate of gross profit is the same in all departments.

You are required to prepare Departmental Trading A/c.

21. (a) What are the salient features of single entry

(b) Distinguish between single entry & Double entry system.

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