



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP**

**SECOND SEMESTER – APRIL 2017**

**16UBC2MC01- FINANCIAL ACCOUNTING**

Date: 22-04-2017  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**PART- A (10 X 2 = 20 Marks)**

**ANSWER ALL THE QUESTIONS**

1. What is the purpose of preparation of financial statements?
2. What is Balance Sheet?
3. What do you mean by independent branch?
4. Pass journal entries in the books of head office books under the debtors system for the following transactions:

Goods sent to branch at cost of Rs.50,000

Remittance received from the branch Rs. 61,000

Profit earned by the branch Rs. 8,000.

5. What is partial repossession?
6. Mr. Raju purchased a two wheeler by hire purchase system for Rs. 30,000 to be paid as follows:
  - a. Down payment Rs. 5,000,
  - b. At the end of the First year Rs. 7,000
  - c. At the end of the second year Rs. 6,500
  - d. At the end of the third year Rs. 6,000
  - e. At the end of the Fourth year Rs. 5,500

Compute the amount of interest for each year.

If the cash price of the two wheeler is Rs.25,000.

7. What do you mean by departmental accounts? Give an example.
8. What is a partnership deed?
9. Calculate the amount of goodwill at three years' purchase of last five years average profit. The profits were:

I Year Rs.9,600, II year Rs.14,400, III year Rs.20,000, IV year Rs.6,000 and V year Rs.10,000.

10. What do you mean by accounting standards according to ICAI

**PART- B (4 X 10 = 40 Marks)**  
**ANSWER ANY FOUR QUESTIONS**

11. On April 1, 2001 Machinery was purchased for Rs.4,00,000. On 1st October 2002, a new machine costing Rs.2,40,000 was purchased. On 30th September 2003, the machinery purchased on 1<sup>st</sup> April 2001 having become obsolete was sold for Rs.2,40,000. The accounting year ends on 31st March and depreciation is to be provided at 10% p.a. on straight line method.

Pass journal entries and prepare important ledger accounts for three years.

12. Distinguish between Trail balance and Balance sheet.

13. Prepare Madurai branch account from the following information;

Particulars	Rs.	Rs.
Sales at branch		
Cash	25,000	
Credit	<u>39,000</u>	64,000
Stock on 1/1/99		11,200
Branch debtors 1/1/99		6300
Goods sent to branch		51,000
Cash sent to branch for		
Rent	1,500	
Salaries	3,000	
Petty cash	<u>500</u>	5,000
Cash received from debtors		41,200
Stock on 31/12/99		13,600

14. The following purchase were made by a business house having three departments

Department A –1,000 units Department B –2,000 units Department C –2,400 units	At total cost of Rs. 1,00,000
Stocks on 1/1/2005 Department A –120 units Department B –80 units Department C –152 units	
Sales were: Department A –1020 units at Rs.20 each Department B –1920 units at Rs.22.50 each Department C –2496 units at Rs.25 each	

The rate of gross profit is same in each case. Prepare departmental accounting.

15. A head office has its branches at Lucknow and Jaipur. The head office sent goods to branches at invoice price which was cost plus 25%. Sales are made only at the branches which remit all cash received to head office. From the following details, prepare the Branch stock A/C and Stock adjustment Accounts and Goods sent to branch account as they would appear in the Bombay books.

	Lucknow branch Rs.	Jaipur branch Rs.
Goods from head office at invoice	40,000	25,000
Returns to head office at invoice	600	500
Cash sales	19,000	17,500
Credit sales	12,000	9,500
Stocks – 1-1-1995 ( invoice price)	6,000	8,000
Stocks – 31-12-1995( invoice price)	18,000	11,000

16. A Firm earned net profits during the last three years as follows:

I year – 72,000

II year – 80,000

III year – 88,000

The capital investment of the firm is Rs. 2,40,000. A fair return on the capital having regard to the risk involved is 10%. Calculate the value of goodwill on the basis of 3 years purchase of super profits.

17. Explain the needs and significance of IFRS.

**PART- C (2 X 20 = 40 Marks)**  
**ANSWER ANY TWO QUESTIONS**

18. Trial Balance of Mr. Velu as on 31st March 1994.

Credit balances	Rs.	Debit balances	Rs.
Capital	2,00,000	Drawings	3,600
Loan from Mr. Ravi at 6%	30,000	Buildings	30,000
Sales	2,00,000	Furniture & Fittings	15,000
Sundry Creditors	20,000	Computer	50,000
Commission received	15,000	Interest on Loan	1,800
		Loose tools	32,200
		Purchases	1,50,000
		Stock on 1.4.93	50,000
		General Expenses	30,000
		Freight inward	4,000
		Freight outward	2,000
		Sundry Debtors	56,000
		Bank	40,400
	<b>4,65,000</b>		<b>4,65,000</b>

**Adjustments:**

- i. Closing stock Rs.64,000.
- ii. Depreciate computer at 10%; Buildings at 5%; Furniture and Fittings at 10%
- iii. Provide for Bad and doubtful Debts at 5% and for Discount on Debtors at 2%.
- iv. Provide interest on Drawings at 6% and on Capital at 6%.

Prepare Trading and profit and Loss Account and Balance sheet as on 31st March, 1994.

19. Machinery account showed a balance of Rs.80,000 on 1st April 2001. On 1st October 2003, another machinery was purchased for Rs.48,000. On 30th September 2003, a machinery which has book

value Rs.80,000 on 1.4.2001 was sold for the Rs.48,000. Depreciation is to be provided at 10% per annum on Written down Value Method. The accounting year ends on 31st March. Prepare Machinery account and Depreciation account for three years.

20. Lalitha, Jothi and Kanaga were partners of a firm sharing profit and losses in the ratio of 3:2:3. Set out below was their balance sheetas on 31st March 2003.

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Bills payable	32,000	Cash in Hand	750
Sundry Creditors	62,500	Cash at Bank	2,04,500
<b>Capitals:</b>		Book-debts	89,000
Lalitha	2,00,000	Stock	1,11,500
Jothi	1,25,000	Furniture	17,500
Kanaga	1,50,000	Plant & Machinery	48,750
Profit & Loss A/c	22,000	Building	1,20,000
Outstanding expenses	500		
	<b>5,92,000</b>		<b>5,92,000</b>

Lalitha retired from the partnership on 1st April 2004 on the following terms:

1. Goodwill of the firm was to be valued at Rs.30,000
2. The assets are to be valued as under: Stock Rs.1,00,000; Furniture Rs.15,000; Plant and Machinery Rs.45,000; Building Rs.1,00,000.
3. A provision for doubtful debts be created at Rs.4,250.
4. Lalitha was to be paid off immediately.

Show the journal entries; prepare revaluation account, capital accounts, Bank account and balance sheet of the reconstituted partnership.

21. Mr. Patel Purchased 4 cars for Rs.14,000 each on 1-1-1992 under the hire purchase system. The hire purchase price for all the 4 cars was 60,000 to be paid as Rs. 15,000 down payment and 3 equal installments of Rs. 15,000 each at the end of the 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 the journal entries and relevant ledger accounts in the books of Mr. Patel and in the books of hire vendor.

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