

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com.DEGREE EXAMINATION –CORPORATE SECRETARYSHIP [\*\*\*\*\*]****SECOND SEMESTER – APRIL 2018****17/16UBC2MC01– FINANCIAL ACCOUNTING**

Date: 24-04-2018

Dept. No. 

Max. : 100 Marks

Time: 01:00-04:00

**SECTION A****ANSWER ALL QUESTIONS****(10 X 2 = 20)**

1. Define “Depreciation”.
2. What do you mean by independent branch?
3. Calculate loss on sale on machinery under straight line method from the following details:
  - a. Original cost of machinery on 1-1-1990 Rs. 80,000
  - b. Rate of depreciation – 5%
  - c. Date of sale machinery 1-7-1992
  - d. Sale value of machinery Rs.50,000
4. What is hire purchase system?
5. What is the average clause?
6. P & Q are partners sharing profits in the ratio of 3:2. They admit R as a partner for 1/5 th share in future profit. Calculate the new ratio and sacrificing ratio.
7. Write any two features of Departmental accounting.
8. Write any two advantages of fire insurance.
9. What do you understand by inter-departmental transfers?
10. What do you mean by accounting standard?

**SECTION B****ANSWER ANY FOUR QUESTIONS****(4 X 10 =40)**

11. Explain the various causes of depreciation.
12. Distinguish between hire purchase system and installment system.
13. Prepare Salem branch account from the following information;

<b>Particulars</b>	<b>Rs.</b>	<b>Rs.</b>
Sales at branch		
Cash	25,000	
Credit	39,000	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	500	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 –152units	
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. Mr. James purchased a four cars for Rs. 14,000 each on 1/1/99 under the hire purchases system. The hire purchase price for the car Rs.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 each year. Interest is charged at Rs.5% p.a. The buyer depreciates the car at 10% p.a on straight line method. From the above details prepare journal entries in the books of James.

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

I year Rs. 36,000

II year Rs. 40,000

III year Rs. 44,000

The capital investment of the firm is Rs. 1,20,000. 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.

## SECTION C

ANSWER ANY TWO QUESTIONS

(2 X 20 =40)

18. Prepare final accounts from the following Trial balance of Mr. Victor as on 31/3/2012.

Debit balances	Rs.	Credit balances	Rs.
Land and building	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return outwards	500
Stock 1/4/2011	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	4,730		
Carriage inwards	2,040		
Carriage outwards	3,200		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
	<b>1,76,580</b>		<b>1,76,580</b>

**Adjustments:**

1. Stock Rs. 31/3/2012 Rs. 6,800
2. Salary outstanding Rs. 1,500
3. Insurance premium Rs.150
4. Depreciation on machinery 10% and patents 20%
5. Create a provision of 2 % on debtors for bad debts.

19. A and B share profits in the ratio of 3:1. Their balance sheet as on 31<sup>st</sup> December 2004 is as under :

Liabilities	Rs.	Assets	Rs.
Creditors	37,500	Cash at bank	22,500
General reserve	4,000	Bills Receivables	3,000
Capital A 30,000		Stock	20,000
Capital B 16,000	46,000	Debtors	16,000
		Furniture	1,000
		Building	25,000
	<b>87,500</b>		<b>87,500</b>

On 1/1/2004 they admit C as a new partner on the following arrangement:

1. C to bring Rs. 10,000 as capital for 1/5 share of profit.
2. The new firm to have goodwill Rs. 10,000.
3. Stock and Furniture to reduce by 10%, a reserve of 5% of debtors for doubtful debts to be created.
4. Building to appreciate at 20%.

Give the necessary Ledger Account and Balance Sheet.

20. M/s Bharat Enterprise Ltd., invoices goods to their various branches at cost, and branches sell on credit as well as for cash., from the following details relating to Bangalore branch, prepare necessary accounts in the books of head office under stock and debtors system

	Rs.		Rs.
Stock on 1 <sup>st</sup> January, 2009	15,000	Returns from customers	600
Stock on 31 <sup>st</sup> December, 2009	14,000	Bad Debts written off	500
Debtors on 1 <sup>st</sup> January, 2009	25,000	Discount allowed to customers	2,000
Debtors on 31 <sup>st</sup> December, 2009	35,000	Remittance from branch	70,000
Cash @ branch 1 <sup>st</sup> January, 2009	500	Rent & taxes	1,500
Cash sent to branch	1,500	Wages & salaries	5,000
Goods sent to branch	50,000	General trade charges	1,500
Goods returned by branch	500	Normal Loss of goods due to wastage	1,000
Cash sales	32,000	Abnormal Loss of goods due to pilferage	2,000
Credit sales	58,000	Allowances to customers	300

21. Explain the need, significance and objectives of various accounting standards.

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