## LOYOLA COLLEGE (AUTONOMOUS), CHENNAI - 600034

B.Com.DEGREE EXAMINATION - CORPORATE SECRETARYSHIP

FIRST SEMESTER - APRIL 2019
BC 1502- FINANCIAL ACCOUNTING

Date: 02-04-2019
Dept. No. $\square$

Max. : 100 Marks

Time: 01:00-04:00

## PART - A

Answer ALL questions:

1. What are the causes for depreciation?
2. What is single entry?
3. What do you mean by dependent branches?
4. What is Hire Purchase system?
5. What are Departmental Accounts?
6. What is self balancing ledger?
7. A company purchased a plant for Rs. 50,000 . The useful life of the plant is 10 years and the residual value is Rs.10,000. Find out the rate of depreciation under the straight line method.
8. Find out profit from the following data:

Capital at the beginning of the year Rs. 8,00,000
Drawings during the year Rs. $1,80,000$
Capital at the end of the year Rs. 9,00,000
Capital introduced during the year Rs. 50,000.
9. From the following particulars, calculate closing branch debtors balance:

Branch Debtors (1-1-2017)
Rs.6,300
Credit Sales
Rs.39,000
Cash received from debtors
Rs.41,200
10. What should be the basis of allocation for the following expenses under Departmental Accounts?
a) Salaries
b) Lighting
c) Advertising
d) Rent.

## PART - B

Answer any FOUR questions:
$(4 * 10=40)$
11. What are the features of Dependent Branches?
12. Distinguish between Hire purchase system and Instalment system.
13. From the following particulars of Franklin Enterprises, you are required to prepare the Sales Ledger Adjustment Account and Bought Ledger Adjustment Account as on 31-1-2003:

| Particulars | Rs. | Particulars | Rs. |
| :--- | ---: | :--- | ---: |
| Debtors (1-1-2003) | 15,400 | Discount allowed to debtors | 500 |
| Creditors (1-1-2003) | 14,600 | Interest debited to debtors | 250 |
| Credit Purchases | 60,790 | Allowance from creditors | 350 |
| Credit Sales | 70,200 | Bills Receivable received | 10,270 |
| Discount received from creditors | 700 | Bills payable accepted | 9,750 |
| Cash received from debtors | 56,450 | Bad debts | 230 |
| Cash paid to Creditors | 45,740 | Bills Receivable dishonoured | 2,100 |
| Return inward | 2,300 | Bills payable dishonoured | 750 |
| Return outward | 3,100 |  |  |

14. Fire occurred in the premises of Alpha \& Beta Co. on $1^{\text {st }}$ Sept. 2012 and stock of the value of Rs.1,01,000 was salvaged and business books and records were saved.
The following information was obtained.

Purchases for the year ended 31.3.2012
Sales for the year ended 31.3.2012
Purchases from 1.4.2012 to 1.09.2012
Rs.
7,00,000

Sales from 1.4.2012 to 1.09.2012
Stock on 1.4.2011
Stock on 31.3.2012
11,00,000
2,40,000
3,60,000
3,00,000

It is also given that the stock on 31.3.2012 was overvalued by Rs.20,000.
Calculate the amount of the claim to be processed to the Insurance Company irrespective of losses. Rate of Gross profit is to be based on the year ended 31.3.2012.
15. A second hand machine was purchased on 1-1-2010 for Rs. 30,000 and repair charges amounted to Rs. 6,000 . It was installed at a cost of Rs. 4,000 . On $1^{\text {st }}$ July 2011, another machine was purchased for Rs.26,000. On $1^{\text {st }}$ July 2012 the first machine was sold for Rs.30,000. On the same day, one more machine was bought for Rs.25,000. On 31-12-2012, the machine bought on $1^{\text {st }}$ July 2011 was sold for Rs.23,000. Accounts are closed every year on $31^{\text {st }}$ December. Depreciation is written off at $15 \%$ p.a. Prepare the machinery $\mathrm{A} / \mathrm{c}$ for 3 years ending 31-12-2012.
16. From the following particulars relating to Hyderabad branch for the year ended 31.12.2010, prepare Branch A/c in the books of head office under debtors system.

## Rs. <br> Rs.

Stock at the branch on 1.1.2010
Debtors at the branch on 1.1.2010
15,000

Petty cash at the branch on 1.1.2010
30,000

Goods sent to branch during 2010
300

Remittance from branch during 2010:

Cash sales
Received from debtors
Credit sales during 2010
Cheques sent to branch during 2010

| Salary | 9,000 |  |
| :--- | ---: | :--- |
| Rent | 1,500 |  |
| Petty cash | $\underline{1,100}$ | 11,600 |

Stock at the branch 31.12.2010
Petty cash 31.12.2010
Goods returned by the branch
Debtors at the branch 31.12.2010
60,000
2,10,000
2,70,000
2,28,000

25,000
200
2,000
48,000
17. A firm had two departments, cloth and readymade garments. The garments were made by the firm itself out of cloth supplied by the cloth department at its usual selling price. From the following figures, prepare Departmental trading and profit and loss account for the year ended 31-3-2004.

Cloth dept.
Rs.

## Readymade dept.

Rs.
Opening stock on 1-4-2003
Purchases
Sales
Transfer to readymade garments dept.
Expenses: - manufacturing

- selling

Stock 31-3-2004

| $3,00,000$ | 50,000 |
| ---: | ---: |
| $20,00,000$ | 15,000 |
| $22,00,000$ | $4,50,000$ |
| $3,00,000$ | - |
| - | 60,000 |
| 20,000 | 6,000 |
| $2,00,000$ | 60,000 |

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

## PART - C

## Answer any TWO questions:

$(2 * 20=40)$
18. The following trial balance is extracted from the books of Kamalnath. Prepare Trading and Profit \& Loss A/c and Balance Sheet for the year ended 31/12/2016.

| Liabilities | Rs. | Assets | Rs. |
| :--- | ---: | :--- | ---: |
| Cash at bank | 2,610 | Creditors | 4,700 |
| Book debts | 11,070 | Discounts | 150 |
| Salaries | 4,950 | Creditors for expenses | 400 |
| Carriage inwards | 1,450 | Returns outwards | 2,520 |
| Carriage outwards | 1,590 | Sales | 80,410 |
| Bad debts | 1,310 | Capital | 40,000 |
| Office expenses | 5,100 |  |  |
| Purchases | 67,350 |  |  |
| Return inwards | 1,590 |  |  |
| Furniture \& Fixtures | 1,500 |  |  |
| Stock | 14,360 |  |  |
| Insurance | 3,300 |  | $\mathbf{1 , 2 8 , 1 8 0}$ |
| Depreciation on Property | 1,200 |  |  |
| Freehold Property | 10,800 |  |  |
|  | $\mathbf{1 , 2 8 , 1 8 0}$ |  |  |

Adjustments:
(a) Make provision for doubtful debts at $5 \%$.
(b) Calculate discount on creditors at $2 \%$.
(c) Office expenses include stationery purchased Rs. 800 .
(d) Carriage inwards includes carriage paid on purchase of furniture Rs.50.
(e) Outstanding salaries Rs. 150 .
(f) Prepaid insurance Rs. 300.
(g) Stock in hand Rs.10,700 (including stationery stock Rs.200).
19. Mr. Joel commenced business on 1.1 .2009 with a capital of Rs. 25,000 . He immediately bought furniture for Rs.4,000. During the year, he borrowed Rs.5,000 from his wife and introduced a further capital of Rs. 3,000 . He has withdrawn Rs. 600 at the end of each month for family expenses. From the following particulars obtained from his books, you are required to prepare Trading and P \& L A/c and Balance Sheet as on 31.12.2009.

Rs.
Sales (including cash sales of Rs.30,000)
Purchase (including cash purchases of Rs.10,000) 75,000
Carriage 700

Wages 300
Discount allowed to debtors 800

Salaries 6,200
Bad debts written off $\quad 1,500$
Trade Expenses 1,200
Advertisement 2,200
Joel has used goods worth Rs. 1,300 for private purposes and paid Rs. 500 to his son which is not recorded anywhere. On 31.12.2009, his debtors, were worth Rs.21,000, Creditors Rs. 15,000 and stock in trade Rs. 10,000 , Furniture to be depreciated at $10 \%$ p.a.
20. Knight purchased a truck for Rs.1,60,000 from S. Waugh on 1.1.2013 payment to be made Rs.40,000 down and Rs. 46,000 at the end of first year, Rs. 44,000 at the end of second year and Rs. 42,000 at the end of third year. Interest was charged at 5\%. Knight depreciates the truck at $10 \%$ per annum on written down value method. Knight, after having paid down payment and first instalment at the end of the first year, could not pay second instalment. The seller took possession of the truck, and after spending Rs. 4,000 on repairs of the asset, sold it away for Rs.91,500. Prepare the necessary ledger accounts in the books of both the parties.
21. Explain the objects of preparing departmental accounts and how are the expenses allocated while preparing the Departmental Accounts?

