

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com.DEGREE EXAMINATION –CORPORATE SECRETARYSHIP****FIRST SEMESTER – NOVEMBER 2018****BC 1502– FINANCIAL ACCOUNTING**

Date: 22-10-2018

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

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

1. What is Hire purchase system?
2. What do you mean by Repossessed stock?
3. What is Branch adjustment account ?
4. What is Obsolescence?
5. Define Salvage.
6. Distinguish between departments and branches. (any two)
7. Calculate gross profit and cost of goods sold from the following information:
Net sales Rs. 2,00,000; Gross profit is 25% on cost.
8. Sales Rs. 1,60,000; rate of gross profit is 25% on sales; purchases Rs. 1,40,000; and the closing stock Rs. 30,000. Find out the opening stock.
9. Compute Opening branch debtors balance from the following transactions:

Credit sales	Rs.51,000
Received from debtors by the branch	Rs. 42,500
Branch Debtors (Closing)	Rs. 7,700
Discount allowed to customers by branch	Rs. 1,800
10. Arul purchased machinery under the hire purchase system from Mr.Balu. The cash price of the machinery was Rs.15,000. The payment for the purchase is to be made as follows: On signing the agreement Rs.3,000; end of the first year Rs.5,000; end of the second year Rs.5,000; end of the third year Rs.5,000. Calculate the amount of interest included in each instalment.

PART B**ANSWER ANY FOUR OF THE FOLLOWING****(4 X 10 = 40)**

11. A company purchased a second hand machinery on 1st January 1991 for Rs. 37,000 and immediately spend Rs. 2,000 on its repairs and Rs 1,000 on its erection. On 1st July 1992, it purchased another machine for Rs 10,000 and on 1st July 1993 it sold off the first machine in 1991 at RS 28,000. On the same day it purchases machinery for Rs 25,000. On first July 1994 the second machinery purchased for Rs 10,000 was sold off for Rs 2,000. Depreciation was provided on machinery at the rate of 10% on the original cost annually.
Give the machinery account for four years commencing from 1st January 1991
12. Describe the features and limitations of Single Entry System.
13. From the following information, find out the credit sales and credit purchases for the year 1992.

	31.12.91	31.12.92
	Rs.	Rs.
Balance of debtors	20,000	24,000
Balance of creditors	19,000	15,200
Cash paid to creditors	-	40,000
Discount allowed by them	-	1,000
Return inwards	-	10,000
Return outwards	-	4,800
Cash received from customers	80,000	-
Discount allowed to them	6,000	-
Bills received from customers	34,000	-
Bills accepted	9,200	-
Bad debts	13,000	-
Bills receivable dishonored	-	7,000

14. 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

15. What is partial repossession? Describe the method of dealing with such repossession of buyer and seller in such a case.
 16. A trader asks for your help in preparing an insurance claim in respect of stock-in-trade destroyed by fire in his warehouse on June, 1, 1996.

His books of accounts give the following information concerning trading account transactions for the period, January 1 to June 1, 1996.

Balance of stock, January 1, 1996 at cost Rs. 26,000

	Rs.
Debtors on 1-1-96	50,000
Debtors on 1-6-96	80,000
Cash received from debtors	60,000
Discount allowed to debtors	10,000
Cash purchases	10,000
Cash paid to suppliers	67,000
Creditors on 1-1-96	16,000
Creditors on 1-6-96	18,500

The rate of gross profit on cost is 25%

Calculate the amount of claim taking into account that goods salvaged from the fire were worth Rs. 3,000.

17. A company had two departments M and N. M department supplies goods to N department at its usual selling price. From the following figures, prepare departmental trading and profit and loss a/c for the year 2000.

	M	N
	Rs.	Rs.
Opening stock 1-1-2000	30,000	-
Purchases	2,10,000	-
Transfer to N department	50,000	50,000
Sales	2,00,000	60,000
Closing stock (31.12.2000)	40,000	10,000
Salaries	12,000	1,000
Other expenses	3,000	500
Postages	500	100
Discount received	2,500	1,000

PART C

ANSWER ANY TWO QUESTIONS

(2 x 20 =40)

18. The position of Manohar's business as on 1st January 1996 was under: sundry creditors RS 1,70,000: free hold premises RS 5,00,000: stock RS 2,50,000: sundry debtors RS 2,00,000: furniture RS 20,000,

An abstract of the cash book is appended below:

Receipts	RS.	payments	RS.
Sundry debtors	1,50,000	Overdraft(01.01.1996)	1,00,000
Cash sales	8,00,000	Expenses	5,00,000
		Drawings	30,000
		Sundry creditors	2,00,000
		Cash in hand	20,000
		Cash at bank	1,00,000
	9,50,000		9,50,000

The following additional information is available: closing stock RS 3,00,000: closing debtor RS 2,50,000: closing creditors RS 1,20,000. No additions were made during the year to premises and furniture but they are to be depreciated at 10% and 15% respectively. A bad debts provision of 2 ½ % is to be raised. Prepare a trading and profit and loss account for the year ended 31st December 1996 and a balance sheet as on that date.

19 .B limited has a branch at Chennai and invoices goods at cost plus 25%. Branch sells the goods for both cash and credit. Branch expenses are paid by the head office. From the following particulars , prepare branch stock account ,branch debtor account, branch expenses account and branch adjustment account

Particulars	Rs.
stock on 01.01.2000 at invoice price	80,000
Branch debtors on 01.01.2000	40,000
Branch petty cash on 01.01.2000	5,000
Branch furniture on 01.01.2000	60,000
Goods invoiced during the year 2000	2,20,000
Goods returned by branch	8,000
Credit sales by branch	2,50,000
Cheques sent to branch during 2000:	
For salaries	20,000
For rent	10,000
For petty cash	3,000
Cash sales by branch	1,00,000
Cash collected by branch from debtors	90,000
Goods returned by debtor to branch	4,000
Discount allowed to debtors	5,000
Bad debts	1,000
Branch stock at invoice price on 31.12.2000	1,00,000
Branch petty cash balance on 31.12.2000	2,000
Depreciate furniture at 10% per annum	

20 .Kumar purchased two machines costing RS 80,000 each from peter on 01.01.1994 on hire purchase system. The terms were at follows:

Payment on delivery RS 20,000 on each machine, remainder in 3 equal instalments and also separately the interest at 10% per annum to be paid at the end of each year.

Kumar writes off 25% depreciation each year on the diminishing balance method. Kumar paid the instalments due on 03.12.1994 and on 03.12.1995 but could not pay the final instalment.

Peter repossessed one machine on 31.12.1996 adjusting its value against the amount due. The repossession was done on the basis of 30% depreciation on the diminishing balance method, assuming that the balance, still lying due ,will be paid off next year 1997

Write up ledger accounts in the books of kumar showing the above transactions, up to 31.12.1996.

21 . From the following trail balance of MR. Xavier as on 31.03.1993, prepare trading a/c, profit and loss a/c for the year ended 31.03.1993 and the balance sheet as on that date after making necessary adjustments

Debit	RS	Credit	RS
XAVIER'S drawings	12,000	Xavier's capital	60,000
Furnitures and fixtures	4,000	Returns outward	2,000
Plant and machinery	30,000	Sales	1,30,000
Opening stock	20,000	Creditors	12,000
Purchases	80,000	loan@6% per annum taken	10,000
Salaries and wages	22,400	from P.Abdul on 01.01.1993	
Debtors	20,400	discount	600
Returns inward	5,000		
Postage and telegrams	1,500		
Rent ,rates, taxes	3,600		
Bad debts written off	400		
Trade expenses	200		
Interest on loan from P.Abdul	150		
Insurance	800		
Travelling expenses	500		
Sundry expenses	300		
Cash in hand	3,050		
Cash at bank	10,300		
			2,14,600
	2,14,600		

Adjustments:

- Closing stock : cost price -21,000
Market price -25,000
- Of the debtors, Rs. 400 are bad debts and should be written off . Create a reserve for discount on debtors at 2.5%.
- Salaries Rs.800 for March 1993 were not paid
- Interest on capital is to be calculated @ 6% per annum and on drawing Rs. 330.
- Prepaid insurance amounted to RS.100
- depreciate furniture and fixtures by 5% and plant and machinery by 10%
- make a reserve for discount on creditors at 2%
