

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIRST SEMESTER – NOVEMBER 2019

BC 1502 – FINANCIAL ACCOUNTING

Date: 30-10-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

Section-A

Answer all questions

(10x2=20)

1. What is Balance sheet?
2. What is net worth method?
3. A company purchased a second hand plant for Rs.30,000. It immediately spent on it Rs.5000. The plant was put to use on 1-1-90. After having used it for six years, it was sold for Rs.15,000. You are required to calculate profit or loss on plant. The rate of depreciation is 10%. Company follows straight line method.
4. On July 1, 2001, Gopal Ltd. purchased second- hand machinery for Rs.20,000 and spent Rs.3,000 on reconditioning and installing it. The company writes off depreciation @ 10% on original cost. The machinery is sold for Rs.10,000 on 31st march 2005, books were closed on 31st December every year. Calculate profit or loss on sale of machinery.
5. The hire purchase price of an item is payable in three instalments of Rs.1,300;Rs.1,200; and Rs.1,100 respectively. Compute the cash price if the rate of interest is 10%.
6. Prepare Trading account of a trader for the year ending 31st December 2009. Opening stock Rs.50,000; purchases Rs.2,80,000; Freight and packing Rs.20,000 ; closing stock Rs.60,000; sales Rs.3,80,000; Packing expenses on sales for distribution Rs.12,000.
7. What is repossessed stock?
8. Describe any four causes for depreciation.
9. A trader has his stock insured against fire. Subsequently a fire destroyed a part of his stock which was valued at the date of the fire at RS.60,000. The stock was insured subject to average clause. Stock valued at Rs.12,000 was salvaged. Stock was insured for Rs.36,000. Calculate the amount of claim.
10. Calculate the missing figure:

Capital in the beginning Rs.5,000; drawings or capital introduced ?; profits made during the year Rs.2,000; capital at the end Rs.13,000.

Section-B

Write any four questions

(4x10=40)

11. Distinguish between single entry and double entry system.
12. Briefly describe the procedure to be adopted in the conversion of the books maintained by single entry to double entry.
13. Define Depreciation. Briefly explain the reducing balance method of providing depreciation and its merits and demerits
14. From the following information, calculate the branch profits applying stock and debtors system. Opening branch stock Rs.15,000, opening branch debtors Rs.5,000; Goods sent to branch Rs.80,000; cash sent for expenses Rs.4,000; Cash sales Rs.25,000; credit sales Rs.55,000(Excess over invoice price being Rs.5,000); Goods returned by branch to head office Rs.5,000; goods received from other branches Rs.15,000, actual branch expenses Rs.3,800; discount allowed to branch debtors Rs.1,000; cash received Rs.73,000 and closing branch cash Rs.200. Goods are invoiced to branch at cost plus 25% of cost.
15. X, the proprietor of a departmental store, decided to calculate separate profits for his two departments L and M for the month ending 31st December. Stock on 31st December could not be valued for certain unavoidable reasons but his rates of gross profit on sales for the two departments are 40% and 30%.

The following figures are

	Dept L (Rs.)	Dept M (Rs.)
Opening stock	9,000	8,400
Sales	42,000	36,000
Purchases	27,000	21,600
Direct expenses	5,490	8,520

Indirect expenses for the whole business containing five departments are Rs.10,800 which are to be charged in proportion to department sales except as to 1/6th, which is to be divided equally. Sales for the remaining three departments were Rs.1,02,000. Prepare a statement showing profits for the two departments.

16. A firm is willing to change the system of providing for depreciation from diminishing balance method to straight line method with retrospective effect from 1.4.05. On 1.4.07, the machinery account in the ledger had a debit balance of Rs.5,67,000. The rate of depreciation would, however, remain unchanged. Necessary adjustments for depreciation due to change in method should be made in the year 2007-08. Rate of depreciation 10%p.a.

You are further informed that new machinery were purchased on 1.10.2007 at a cost of Rs.60,000. Show the machinery account.

17. A fire occurred in the premises of a company on 15-10-2002. From the following, ascertain the loss of stock and prepare a claim for insurance.

	(Rs.)
Stock on 1-1-2001	30,600
Purchases from 1-1-2001 to 31.12.2001	1,22,000
Sales from 1-1-2001 to 31.12.2001	1,80,000
Stock on 31-12-2001	27,000
Purchases from 1-1-2002 to 15.10.2002	1,47,000
Sales from 1-1-2002 to 15.10.2002	1,50,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.18,000. The amount of policy was Rs.63,000. There was an average clause in the policy.

Section-c

Answer any two questions

(2x20=40)

18. Differentiate between hire purchase and installment system

19. The following are the balances extracted from the books of Mr. Rajesh as on 31st December 2009.

	(Rs.)		(Rs.)
Rajesh's Capital	20,000	Reserve for discount on Debtors	200
Drawings	3,500	Loan at 9%	5,000
Building	10,000	Salaries	4,400
Machinery	2,500	Wages	7,500
Furniture and Fittings	600	Rent	2,750
Opening Stock	12,500	Travelling expenses	1,250
Cycle	400	Postage and Telegram	135
Purchases	75,000	Rates and Taxes	90
Sales	1,25,000	Carriage inwards	2,500
Sales returns	5,000	bad debts	300
Duty paid on purchases	15,000	Carriage outwards	750
Debtors	10,000	Interest paid	375
Creditors	7,500	General charges	900
Reserve for bad debts	400	Cash on hand	250
Cash at bank	2,400		

The following adjustments are necessary:

- 1) Stock on 31.12.2009 Rs. 14,000
- 2) Provide the following outstanding: salary Rs.400; Rent Rs.250; Wages Rs.600 and interest outstanding Rs.75
- 3) Maintain the reserve for doubtful debts at 5% and reserve for discount on debtors at 2 ½ %
- 4) Provide depreciation for building 2 ½ %, Machinery 10%, Furniture 6%, Cycle 15%.

Prepare Trading and Profit and Loss account and Balance Sheet as on that date.

20. From the following information, calculate the branch profits applying stock and debtors system. Opening branch stock Rs.15,000, opening branch debtors Rs.5,000; Goods sent to branch Rs.80,000; cash sent for expenses Rs.4,000; Cash sales Rs.25,000; credit sales Rs.55,000(Excess over invoice price being Rs.5,000); Goods returned by branch to head office Rs.5,000; goods received from other branches Rs.15,000, actual branch expenses Rs.3,800; discount allowed to branch debtors Rs.1,000; cash received Rs.73,000 and closing branch cash Rs. 200. Goods are invoiced to branch at cost plus 25%
21. Raj purchased some second hand machinery on 1st April 2003 for Rs.3,70,000 and installed it at a cost of RS.30,000. On 1st October 2004, it purchased another machine for Rs.1,00,000 and on 1st October 2005, it sold off the first machine purchased in 2003 for Rs. 2,80,000. On the same date it purchased a machinery for Rs.2,50,000. On 1st October 2006, the second machinery purchased for Rs.1,00,000 was also sold off for Rs.20,000 In the beginning depreciation was provided on machinery at the rate of 10% p.a. on the original cost each year on 31st March. However, the trader changed the method of depreciation and adopted the written down value method @15% p.a. from 2003-2004 Prepare Machinery A/c.
