

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2016

CO 1502 – FINANCIAL ACCOUNTING

Date: 02-05-2016

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

PART – A

Answer **ALL** the questions:

(10x2=20)

1. What is the difference between Trial balance and Balance Sheet?
2. What are the causes of depreciation?
3. State any two features of Single Entry System.
4. What are Self-balancing Ledgers?
5. What are the purposes of branch accounting?
6. What is meant by Dependent Branch?
7. What is Instalment Purchase System?
8. A machine of Rs.50, 000 was purchased on hire purchase system. Rs.10, 000 was paid on signing the agreement and the balance in four equal instalments of Rs.10, 000 each annually with interest at 5%. Calculate interest and show the amount payable on each instalment.
9. What is IFRS?
10. What is Inflation Accounting?

PART – B

Answer any **FOUR** questions:

(4x10=40)

11. What are departmental accounts? Explain their advantages.
12. Describe on Social responsibility accounting.
13. From the following trial balance of Kamanath prepare Trading and P&L Account for the year ended 31-03-2006

Debit Balances	Rs.	Credit Balances	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	Return 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		
Depreciation on Property	1,200		
Freehold Property	10,800		
TOTAL	1,28,180	TOTAL	1,28,180

- Adjustments: 1. Make provision for doubtful debts at 5%
2. Calculate discount on creditors @2%
3. Office expenses include stationery purchased Rs.800
4. Carriage inwards includes carriage paid on purchases of furniture of Rs.50.
5. Outstanding salaries Rs.150
6. Prepaid insurance Rs.300
7. Stock on hand Rs.10, 700 (including stationery stock Rs.200)

14. The following balances appear in the books of Mohan.

1.01.2000 Machinery A/c - Rs.50, 000

1.01.2000 Provision for Depreciation - Rs.20, 000

On 1.01.2000 they decided to sell a machine for Rs.4, 500. This machine was purchased for Rs.9, 000 in January 1996. You are required to prepare Machinery A/c and the Provision for Depreciation A/c on 31-12-2000 assuming the firm has been charging depreciation at 10% p.a on straight line method.

15. From the following details, prepare ledger adjustment A/c in General ledger and General ledger adjustment A/c in purchase ledger for the year 2002.

Purchase ledger balance on 1-1-2002(Cr.)	1,20,000
Purchase ledger balance on 1-1-2002(Dr.)	10,000
Purchases from creditors	1,80,000
Bills payable accepted	40,000
Cash paid to creditors	1,00,000
Cheques paid to creditors	30,000
Goods returned to creditors	10,000
Discount allowed by creditors	2,000
Interest on suppliers accounts due	1,000
Bills payable dishonoured	4,000

16. Naga of Trichy has a branch at Chennai. Goods are sent by head office at invoice price which is at the profit of 20% on cost price. All expenses of the branch are paid by H.O. From the following particulars, prepare branch A/c in the H.O. books, showing goods at invoice price.

Opening balances:	
Stock at invoice price	11,000
Debtors	1,700
Petty cash	100
Goods sent to branch at invoice price	20,000
Expenses paid by H.O.	
Rent	600
Wages	200
salary	900
Remittance made to H.O.	
Cash sales	2,650
Cash collected from debtors	21,000
Goods sent by branch at invoice price	400
Balances at the end	
Stock at invoice price	13,000
Debtors	2,000
Petty cash	25

17. Malan purchased a machine on hire purchase system on 1st January 2003. The terms of payment are four annual instalments of Rs.12, 690 at the end of each year. Interest is charged @5% and is included in the annual payment of Rs. 12,690. Show machinery A/c and hire vendor A/c in the books of Malan who defaulted in the payment of the third yearly payment whereupon the vendor repossessed the machinery. Malan provides depreciation on the machinery @10% p.a., on the reducing balance.

PART – C

Answer any **TWO questions:**

(2x20=40)

18. Mr. keeps his books under single entry system. From the following prepare Trading and P&L A/c and Balance Sheet as on 31-3-2004. Cash book analysis shows the following:

	Rs.
Interest charges	100
Personal withdrawals	2,000
Staff salaries	8,500
Other business expenses	7,500
Payment to creditors	15,000
Balance at bank as on 31-3-2004	425
Cash in hand as on 31-3-2004	75
Received from debtors	25,000
Cash sales	15,000

Further details are:

	As on 31-3-2003(Rs.)	As on 31-3-2004(Rs.)
Stock on hand	9,000	10,220
Creditors	8,000	5,500
Debtors	22,000	30,000
Furniture	1,000	1,000
Office premises	15,000	15,000

Provide 5% interest on X's capital balance as on 1-4-2003. Provide Rs.1, 500 for doubtful debts, 5% depreciation on all fixed assets. 5% group incentive commission to staff has to be provided for on net profit after meeting all expenses and the commission.

19. From the following prepare departmental trading and profit & loss A/c in a columnar form of the three departments of Sharma Dry Cleaners Ltd.

	Dry cleaning(Rs)	Darning(Rs.)	Dyeing(Rs.)
Stock on 1-1-2006	4,00,000	3,40,000	9,40,000
Stock on 31-12-2006	3,30,000	4,38,000	8,17,000
Purchases	19,59,000	6,97,000	13,73,000
Sales	40,00,000	20,00,000	40,00,000
Wages	7,28,000	3,00,000	2,46,000

Goods were transferred from one department to another at cost price as follows: (1) Darning to dry cleaning Rs.2, 400 and to dyeing Rs.40, 200. (2) Dyeing to dry cleaning Rs. 25,800 and to darning Rs.18, 000 (3) Dry cleaning to darning Rs.3, 000 and to dyeing Rs.24, 000.

Apportion equally:

	Rs.
Stationery	5,418
Postage	4,050
General expenses	2,37,618
Insurance	10,080
Depreciation	32,598

Rent & taxes is to be split in proportion to space occupied, i.e., dry cleaning 4, dyeing 2 and other space 2.

20. Maruti Transport Ltd., purchased from Ashok Motors Ltd. Three pick-up vans costing Rs.50, 000 each on HP system. Payment was to be made Rs.30, 000 down and the remainder in three annual equal instalments together with interest @ 8%. Maruti write off depreciation @20% on the diminishing balance. It paid the instalments due at the end of first year but could not pay the next. Ashok Motors agreed to leave one pick-up van with the hire –buyer, adjusting the value of other two vans against the amount due. The vans were valued on the basis of 30% annually in straight line method. The vendor spent Rs.6, 000 on getting the pick-up van over hauled and sold them for Rs.60, 000. Draw up the necessary ledger accounts in the book of Maruti Transport Ltd.

21. What is Human Resource accounting? Enumerate the various methods of valuation of human resources.