



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – APRIL 2017

### CO 1502 - FINANCIAL ACCOUNTING

(12 BATCH ONWARDS)

Date: 18-04-2017  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

#### Part-A

Answer **ALL** the questions

(10 x 2 = 20)

1. What is Gross Profit?
2. Define depreciation.
3. Write short note on: Obsolescence.
4. What is Single Entry?
5. What is whole sales branch?
6. Write short note on: interest suspense account.
7. What is meant by inter department transfer?
8. Write any two objectives of preparation of final Account.
9. Ascertain the opening stock:
  - i) purchases Rs. 40,000
  - ii) Closing Stock Rs. 20,000
  - iii) Sales Rs. 60,000
  - iv) Gross profit on sales 20%
10. What is branch account?

#### Part-B

Answer any **FOUR** questions

(4 x 10 = 40)

11. What are the causes for depreciation?
12. What is Human Resource Accounting? Explain various methods for calculating Human Resource Accounting.
13. Explain the importance of Inflation Accounting and its uses for the investors.
14. The original cost of a machine was Rs. 40,000. It was decided to write off 10% p.a on original cost method. At the end of fourth year the company decided to write off 10% p.a on diminishing balance method from the very beginning. Show Machine Account for the first four years.

15. Find out purchases and sales from the following details by making necessary accounts:

Opening debtors	30,000
Opening Creditor	10,000
Collections from debtors	1,60,000
Discount received	2,500
Bad debts	1,000
Payment to creditors	14,000
Discount allowed	1,500
Returns inwards	2,000
Returns outwards	3,000
Cash purchases	6,000
Cash sales	10,000
Closing debtors	35,000
Closing creditors	15,000

16. Mr. A purchased a machine from Mr. B Ltd. for Rs. 5,60,000; payment to be made Rs. 1,50,000 down and three installments of Rs. 1,50,000 each at the end of every year. He depreciated the asset at 10% per annum on written down value method.

Because of financial difficulties, Mr. A after having paid down payment and first instalment at the end of the first year, could not pay second instalment and the seller took possession of the assets.

Open ledger account in the books of both parties to record the transactions.

17. Prepare Total Creditor Account for the year ended on 31.3.2014 from the data given below:

Creditors Opening balance	38,000
Credit purchases during the year	2,67,000
Bills payable accepted	62,000
Cash paid to creditors	1,37,000
B/R endorsed to Creditors	16,000
Endorsed B/R dishonoured	3,000
B/P dishonoured	2,000
Purchase returns	11,000
Discount Received	6,000
Transfer from Debtors ledger	7,000

Part-C

Answer any **TWO** questions

(2 x 20 = 40)

18. Prepare Trading, Profit & Loss A/c and balance sheet from the following trial balance.

<b>Debit balances</b>		<b>Rs.</b>	<b>Credit Balances</b>		<b>Rs.</b>
Sundry Debtors	92,000		Capital	70,000	
Plant and Machinery	20,000		Purchase Returns	2,600	
Interest	430		Sales	2,50,000	
Rent, Rate And Insurance	5,600		Sundry creditors	60,000	
Conveyance charges	1,320		Bank overdraft	20,000	
Wages	7,000				
Sales returns	5,400				
Purchases	1,50,000				
Opening stock	60,000				
Drawings	22,000				
Trade expenses	1,350				
Salaries	11,200				
Advertising	840				
Discount	600				
Bad debts	800				
Business premises	12,000				
Furniture	10,000				
Cash in hand	2,060				
	<u>4,02,600</u>				<u>4,02,600</u>

**Adjustments:**

- i. closing stock Rs. 90,000
- ii. provide depreciation on premises at 2.5%; Plant and Machinery at 7.5% and furniture & fixtures at 10%.
- iii. write off Rs. 800 as further bad debts
- iv. provide for doubtful debts at 5% on sundry debtors
- v. outstanding rent was Rs. 500 and outstanding wages Rs. 400
- vi. prepaid insurance Rs. 300 and prepaid salaries Rs. 700

19. From the following details, prepare Trading and Profit & Loss Account and Balance Sheet.

Liabilities	Rs.	Assets	Rs.
Capital	8,303	Goodwill	1,854
Creditors	901	Furniture	1,401
		Debtors	4,683
		Cash at bank	1,266
	<u>9,204</u>		<u>9,204</u>

Cash transactions reveal the following:

- a. Receipts from customer Rs. 21,246
- b. Drawings Rs. 8,160
- c. Payment of Salaries Rs. 1,830
- d. Payment of Creditors Rs. 9,036
- e. Payment of Rent Rs. 945
- f. Sundry Expenses Rs. 384
- g. on 31<sup>st</sup> Dec. stock amounted to Rs. 3,200  
Debtors Rs. 5,670  
Creditors Rs. 1,600

20. On 1<sup>st</sup> January 2015 the goods invoiced by Chennai head office of a trader to its Trichy branch were Rs. 96,000 at invoice price being  $33\frac{1}{3}\%$  on cost price. For 6 months ended June 30, 2015, the branch return showed that the sales were 58,000. The goods invoiced at Rs. 4,000 were returned by the branch to the head office. The closing stock at Trichy branch on June 30, 2015 were Rs. 33,600 at selling price. There was no opening stock at the branch. you are required to prepare branch stock a/c, branch adjustment a/c, and goods sent to branches a/c in Chennai Head Office Books.

21. The following information is given by Mr. Rajan, a merchant, for the year ended 31.12.2015.

	Rs.		Rs.
Sales Dept. I	70,000	Purchases Dept. I	43,000
Dept. II	30,000	Dept. II	25,000
Opening stock Dept. I	3,400	Salaries	5,400
Dept. II	1,100	Commission	2,200
Debtors	23,000	Bank charges	120
Office furniture	1,080	Stationery	2,700
Rent	1,800	Wages	10,000
Insurance	2,400		

Provide depreciation at 10% on furniture. Bad Debts Rs. 300. Create 10% provision for discount on debtors. stock position on 31.12.2015; Dept. I Rs. 4,000 and Dept, II Rs.1,680. From the above information, prepare the Department Trading and Profit & Loss Account. Expenses are allocated on the basis of sales.

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