LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.Com.** DEGREE EXAMINATION – **COMMERCE**

FIRST SEMESTER – NOVEMBER 2012

# CO 1502 - FINANCIAL ACCOUNTING

Date : 08/11/2012 Dept. No. Max. : 100 Marks

Time : 1:00 - 4:00

**PART – A**

**ANSWER ALL THE QUESTIONS: (10x2=20)**

1. What are the different types of branches?
2. [a] Hire Vendor may take away only a portion of goods on which there is default of

installment\_\_\_\_\_\_\_\_\_\_\_

[b] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is the advance payable by the buyer while signing hire purchase agreement.

1. Say True or False:

[a] Single entry is an incomplete system of accounting because here only personal accounts are

maintained.

[b] Depreciable assets are expected to be used for an accounting period.

1. Match the following:

[a] Fixed assets - Mines, quarries

[b] Nominal assets - Bills Receivable

[c] Liquid assets - Building

[d] Wasting asset - Discount on shares.

1. What is the need for Departmental Accounting?
2. From the following data calculate Capital at the beginning of the year.

Capital at the end of the year - Rs.70,000

Drawings during the year - Rs.10,000

Capital introduced during the year - Rs.5,000

Profit made during the year - Rs.20,000

1. In what basis the following expenses apportioned in departmental accounting?

[a] Selling expenses [b] Canteen expenses

[c] Depreciation [d] Carriage inwards

1. Cash Price of the Machinery Rs.20,000. Down payment Rs.5,000, four annual installments of Rs.5,000 each. Calculate interest for each of the four years.
2. Why do you prepare a Statement of Affairs ?
3. Why do you prepare a Trading account?

**PART – B**

**Answer any FIVE questions: (5 x 8 = 40 marks)**

11. State the various methods of depreciation.

12. Distinguish between Statement of Affairs and Balance Sheet.

13. Define HRA. Enumerate the advantages of HRA.

14. On 01.01.2002, X purchased a machine for Rs.50,000. On 01.07.2003 additions were made for

Rs.10,000. On 01.04.2004, Rs.6,400 worth of additions were made. On 31.12.2004, 1/4th of the first

machine purchased on 01.01.2002 was sold for Rs.7,000. Show machinery account from 2002 to 2004

in the books of X under diminishing balance method at 10% per annum.

15. From the following details, prepare Departmental Account:

|  |  |  |
| --- | --- | --- |
| Particulars | Department A Rs. | Department B Rs. |
| Opening stock  Total Purchases  Total sales  Closing stock  Credit purchases  Credit sales | 9,000  27,000  42,000  10,800  17,000  5,000 | 8,400  21,600  36,000  4,800  10,600  6,000 |

Transfer of goods from Departments A to B Rs.4,000

Transfer of services from Departments B to A Rs.500

16. The Calcutta Commercial Company invoiced goods to its Jamshedpur Branch at cost. The Head

Office paid all the expenses from its bank except petty cash expenses which were paid by the branch.

From the following details relating to the Branch, prepare,

1) Branch stock A/c 2) Branch Debtors A/c 3) Branch Expenses A/c 4) Branch P&L A/c

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs |  | Rs |
| Stock ( Opening )  Debtors ( Opening )  Petty cash ( Opening )  Goods sent from HO  Goods returned to HO  Cash sales  Advertisement  Cash received from Debtors  Stock ( Closing )  Allowance to customers | 21,000  37,800  600  78,000  3,000  52,500  2,400  85,500  19,500  600 | Discount to customers  Bad debts  Goods returned to branch by customers  Salaries & Wages  Rent & Rates  Debtors(Closing)  Petty cash ( Closing )  Credit sales | 4,200  1,800  1,500  18,600  3,600  29,400  300  85,200 |

17. From the following information calculate credit purchases and total purchases:

|  |  |
| --- | --- |
|  | *Rs.* |
| Cash purchases  Opening balance of bills payable  Opening balance of creditors  Closing balance of Bills payable  Closing balance of creditors  Cash paid to creditors  Cash paid to bills payable in the relevant year  Purchase returns  Allowance from creditors  Bills payable dishonoured | 29,000  7,500  20,000  2,500  18,000  25,000  10,500  1,500  800  300 |

18. From the following information you are required to ascertain

[a] cost of sales [b] Closing inventory as per CPP method,

when the firm follows LIFO method for inventory valuation.

Inventory on 1/4/1996 Rs.1,20,000

Purchases during 1996 - 97 Rs.72,000

Inventory on 31/3/1997 Rs.1,80,000

The firm has decided to adopt retail price index which was as follows:

On 1/4/1996 = 100; on 31/3/1997 = 140; Average during 1996 – 97 =125

**PART – C**

**Answer any TWO questions: (2 x 20 = 40 marks)**

19. Raja maintains his books under Single Entry system . From the following information prepare Trading

Profit and Loss A/c for the year ending 31.12.1991 and also Balance sheet as on that date.

Cash in hand on 01.01.1991 was Rs.4,250.

Asset and Liabilities

1.1.1991 31.12.1991

Debtors 16,300 21,250

Stock 8,330 11,220

Furniture 850 850

Creditors 5,100 3,780

Other transactions:

Cash received from debtors 52,680 Cash sales 1,275

Cash paid to creditors 37,400 Cash Purchases 4,250

Salaries 10,200 Discount received 595

Rent & Rates 1,275 Discount allowed 255

Other expenses 1,530 Returns inward 850

Drawings 2,550 Returns outward 680

Additional capital 1,700 Bad debts 170

Adjustments:

Write off depreciation @5% on furniture. Provide doubtful debts @ 1% on debtors.

20. Kevin purchased a truck for Rs.1,60,000 from Pranesh on 1.1.93 payment to be made Rs.40,000

down,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% and Kevin depreciates the truck at 10% per annum on written

down method.

Kevin, after having paid down payment and first installment at the end of first year, could not pay

second installment. 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.

Give journal entries and ledger accounts in the books of both parties.

21. From the following trial balance as on 31.12.2000 prepare Trading, Profit and Loss Account and a

Balance Sheet as on that date.

|  |  |  |
| --- | --- | --- |
| Particulars | Debit Rs. | Credit Rs. |
| Stock as on 01.01.2000  Cash in hand  Drawings  Rent  Machinery  Tax  Provision for bad debts  Bad debts  Capital  Interest  General Expenses  Bank overdraft  Purchases  Debtors  Sales  Creditors  Sales return  Purchase return | 5,840  192  2,840  480  3,800  600  888  1,760  41,448  16,800  840 | 420  17,000  320  960  47,624  8,000  1,164 |
|  | 75,488 | 75,488 |

Adjustments:

1. Depreciation on machinery 10% p.a
2. Rent outstanding Rs.500
3. Tax prepaid Rs.100
4. Provision for bad debts is to be increased to 5% on debtors
5. Closing stock Rs.3,500.

22. Discuss the Social Responsibility Accounting in detail.

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