

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – NOVEMBER 2016

CO 1502 – FINANCIAL ACCOUNTING

Date: 05-11-2016

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

PART-A

(10x2=20 marks)

Answer all questions

1. From the following information Calculate the Profit or Loss for the year ending 31-12-96 :

	Rs.
Opening stock	80,000
Purchases	8,60,000
Freight inward	52,000
Wages	24,000
Sales	14,40,000

2. Company purchased a plant for Rs.50,000. The useful life of the Plant is 10 years and the residual value is Rs.10,000. Find out the rate of depreciation under the straight line method.

3. Find out the profit from the following data

	Rs.
Capital at the beginning of the year	8,00,000
Drawings during the year	1,80,000
Capital at the end of the year	9,00,000
Capital introduced during the year	50,000

4. What is Self-Balancing Ledger?

5. From the following particulars, calculate closing branch debtors.

Branch Debtors (1-1-98)	Rs.6,300
Credit Sales	Rs.39,000
Cash Received from Debtors	Rs.41,200

6. How do you allocate the following expenses in departmental accounts?
 a) Carriage inward b) Lighting c) Rent and Rates d) Factory manager salary.

7. Calculate cash price of a machine from the following information:

	Rs.
Down payment	10,000
4 annual instalments at the end of each year	10,000
Rate of interest 5% p.a.	

8. What is Down payment?
 9. What is meant Social responsibility accounting?
 10. What is inflation accounting?

PART-B

Answer Any FOUR Questions

(4*10 = 40 Marks)

11. What are the causes for depreciation?
 12. Distinguish between Hire purchase system and Instalment purchase system.
 13. On 1st January 1996, Machinery was purchased for Rs.2,50,000. On 1st June, 1997 addition were made by purchasing a machinery for Rs.50,000. On 1st march 1998, another machinery was purchased for Rs.32,000. On 30th June 1999, machinery of the original value of Rs.40,000 on 1-1-1996 was sold for Rs.30,000. Depreciation is charged at 10% on original cost. Show the machinery account for the years 1996 to 1999 closing the accounts on 31st December each year.
 14. Ajay keeps his books by the single entry method. His position on 31-12-1997 and 31-12-

1978 was as follows:	1977	1978
	Rs.	Rs.
Cash in Hand	250	300
Cash at Bank	2,750	2,200
Stock in Trade	21,000	18,000
Sundry debtors	7,500	12,000
Fixtures& fittings	1,750	1,575
Machinery	15,000	25,000
Sundry Creditors	18,000	23,000

During the year, Ajay introduced Rs. 5,000 as further capital in the business and withdrew Rs.600 p.m.

From the above, prepare a statement showing the profit or loss made by him for the year ended 31-12-1978.

15. Naga of Trichy has a branch at madras. 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 head office. From the following particulars, prepare branch account in the Head office books, showing goods at invoice price.

Opening balances:

	Rs.
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 returned by branch at invoice price	400

Balances at the end

Stock at invoice price	13,000
Debtors	2,000
Petty cash	25

16. Mohan Co.Ltd which sells patent product on H.P.Terms, has the following transaction for the year 31.12.1992.The gross profit is 25% on selling price.

	Rs.
1.1.92 stock out on hire at hire purchase price	20,000
Stock in hand (in the shop)	2,500
Instalments due (customers still paying)	1,500
31.12.92 Stock out on hire at hire purchase price	23,000
Stock in hand (in the shop)	3,500
Instalments due	2,500
Cash received on instalments during the year	40,000

Prepare the necessary accounts to find out gross profit of Mohan Co.Ltd for the year 1992, under stock & debtors system.

17. Ascertain net monetary result or 'General price level gain or loss' from the following information.

	1.1.98	31.12.98
	Rs.	Rs.
Cash and bank balance	60,000	88,000
Accounts receivable	80,000	1,00,000
Accounts payable	1,00,000	1,24,000
General retail price index number	100	125

Average index number for the year is 120

PART – C

(2x20=40 marks)

Answer any TWO Questions

18. From the following Trial balance of Thiru. Rehman as on 31st march 1995, Prepare Trading and profit & loss account and Balance sheet taking into account the adjustments:

Debit balances	Rs.	Credit balances	Rs.
Land and buildings	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return outwards	500
Stock on 1-4-1994	5,760	Sundry creditors	6,300
Sundry debtors	14,500	Bills payable	9,000
Purchases	40,675		
Cash in hand	540		
Cash at bank	2,630		
Return inwards	680		
Wages	8,480		
Fuel and power	4,730		
Carriage on sales	3,200		
Carriage on purchase	2,040		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
	1,76,580		1,76,580

Adjustments:

- I. Stock on 31-3-1995 was Rs.6,800

- II. Salary Outstanding Rs.1,500
 - III. Insurance prepaid Rs. 150
 - IV. Depreciate machinery @10% and patents @20%
 - V. Create a provision of 2% on debtors for bad debts.
19. M/s. Maruthu & sons has two Departments; Cloth and Readymade. Readymade clothes are manufactured by the firm itself out of cloth supplied by the cloth department at its usual selling rate. From the following figures, prepare Departmental trading and profit & loss account and General P&L A/C for the year ending 31-12-1991

	Cloth department Rs.	Readymade department Rs.
Opening stock on 1-1-91	3,60,000	60,000
Purchases	29,00,000	20,000
Sales	35,00,000	7,00,000
Transfer to readymade department	4,50,000	—
Manufacturing expenses	—	1,40,000
Closing stock on (31-12-91)	1,00,000	48,000

General expenses incurred for both the departments were Rs.1,20,000

The stock in the readymade department may be considered as consisting of 66 $\frac{2}{3}$ % Cloth and 33 $\frac{1}{3}$ % other expenses. The cloth department earned profit at the rate of 18% in 1990.

20. Mr. Balu purchased a machinery from Kumar & Co. on hire purchase system on 1-1-95. The cash price of the machine was Rs.1,00,000, Rs.20,000 to be paid at the time of taking delivery and balance by four instalments of Rs.20,000 plus interest @5% on yearly balances.

Balu failed to pay the instalment due on 31-12-1996. Kumar & Co. took possession of the machinery and valued the same in their books after charging depreciation @ 10%p.a. on Reducing Balance Method. In 1997, Kumar & Co. incurred Rs.1,000 for reconditioning and resold the machinery for Rs.90,000.

Show the ledger accounts in the books of Mr. Balu and Kumar & Co.

21. Explain the various methods of valuation of Human Resources.
