



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

**FIRST SEMESTER – NOVEMBER 2017**

**17/16UCO1MC01 – FINANCIAL ACCOUNTING**

Date: 06-11-2017

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

## Part – A

**Answer ALL Questions:**

**(10x2=20)**

1. A 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.
2. Calculate gross profit and cost of goods sold from the following information:  
  
Net Sales Rs.2,00,000  
  
Gross Profit is 25% on cost
3. From the following particulars, calculate closing branch debtors balance:  

Branch Debtors (1-1-98)	Rs.6,300
Credit Sales	Rs.39,000
Cash received from debtors	Rs.41,200
4. On 1-1-86, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing of the contract) and Rs.4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest is 5%. Calculate the interest in each year's installment.
5. A fire occurred at the premises of a trader on 31.5.94 destroying a great part of his goods. His stock at 1.1.94 was Rs.60,000. The value of stock salvaged was Rs.13,500. The gross profit on sales was 30% and sales amounted to Rs.1,53,000 from January to date of fire, while for the same period the purchases amounted to Rs.1,03,500. Prepare a statement of claim.
6. What is depreciation?
7. State any two Advantages of preparing departmental accounts?
8. Write short notes on the following:  

(a) Cash price	(b) Hire purchase price
(c) Down payment	(d) Hirer
9. What is Sub-lease?
10. What is Balance Sheet?

**Part – B**

Answer any **FOUR Questions:**

**(4x10=40)**

11. A Madras head office has a branch at Salem to which goods are invoiced at cost plus 20%. From the following particulars, prepare Branch A/c in the head office books:

	<b>Rs.</b>
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash sales	1,10,400
Cash received from Branch debtors	88,000
Branch debtors on 1-1-96	24,000
Branch stock on 1-1-96	7,680
Branch stock on 31-12-96	13,440

12. The following purchases were made by a business house having three departments.

Dept. A - 1,000 units	}	at a total cost of Rs. 1,00,000
Dept. B - 2,000 units		
Dept. C - 2,400 units		

Stocks on 1<sup>st</sup> January were:

Dept. A - 120 units
Dept. B - 80 units
Dept. C - 152 units

Sales were:

Dept. A - 1020 units at Rs. 20 each
Dept. B - 1920 units at Rs. 22.50 each
Dept. C - 2496 units at Rs. 25 each

The rate of gross profit is same in each case. Prepare Departmental trading account.

13. Krishna sells products on H.P. terms, the price being cost plus  $33\frac{1}{3}\%$ . From the following particulars for the year ended 31.12.95, prepare the necessary accounts on stock – debtors systems to reveal the profit earned.

	<b>Rs.</b>
1.1.95 Stock out on hire at H.P. price	16,00,000
Stock in hand at shop	2,00,000
Instalments due (customers still paying)	1,20,000
31.12.95 Stock out on hire at H.P. price	18,40,000
Stock in hand at shop	2,80,000
Instalments due (customers still paying)	2,00,000
Cash received during the year	32,00,000

14. A fire occurred in the business premises of Raghavan on 19.7.89. From the following particulars ascertain the loss of stock and prepare a claim for insurance.

	Rs.
Stock on 1.1.88	36,720
Stock on 31.12.88	32,400
Sales for 1988	2,16,000
Purchases for 1988	1,46,400
Purchases from 1.1.89 to 19.7.89	1,76,400
Sales from 1.1.89 to 19.7.89	1,80,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs. 21,600. The amount of the policy was Rs. 75,600. There was an average clause in the policy.

15. A company whose accounting year is the calendar year, purchased on 1-1-93 a machine for Rs. 40,000. It purchased further machinery on 1<sup>st</sup> Oct. 1993 for Rs. 20,000 and on 1<sup>st</sup> July 1994 for Rs. 10,000. On 1-7-1995, 1/4<sup>th</sup> of the machinery installed on 1-1-1993 became obsolete and was sold for Rs. 6,800.

Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance method. Depreciation is to be provided at 10% p.a.

16. What are the Causes for depreciation?

17. What is Single Entry System? What are its features?

### Part – C

**Answer any TWO Questions:**

**(2x20=40)**

18. Fire occurred in the premises of Paswan on 10<sup>th</sup> May 1996. In order to make a claim on their fire policies in respect of the stock, they ask your advice and you are able to obtain the following information.

	1993 Rs.	1994 Rs.	1995 Rs.	1996 Rs.
Opening Stock	16,000	15,000	16,000	18,000
Purchases	41,000	47,200	56,600	78,000
Sales	60,000	66,000	78,000	99,000
Closing stock	15,000	16,000	18,000	?

The stock salvaged was Rs. 3,800. Compute the amount of claim.

19. Rama commenced business on 1.1.89 with a capital of Rs. 25,000. He immediately bought furniture for Rs. 4,000. During the year, he borrowed Rs. 5,000 from his wife and introduced a further capital of Rs. 3,000. He has withdrawn Rs. 600 at the end of each month for family expenses. From the following particulars obtained from his books, you are required to prepare Trading and P & L A/c and Balance Sheet as on 31.12.89.

	<b>Rs.</b>
Sales (Including cash sales of Rs. 30,000)	1,00,000
Purchases (Including cash purchases of Rs. 10,000)	75,000
Carriage	700
Wages	300
Discount allowed to debtors	800
Salaries	6,200
Bad debts written off	1,500
Trade expenses	1,200
Advertisement	2,200

Rama has used goods worth Rs. 1,300 for private purposes and paid Rs. 500 to his son which is not recorded anywhere. On 31.12.89, his debtors, were worth Rs. 21,000 Creditors Rs. 15,000 and stock in trade Rs. 10,000. Furniture to be depreciated at 10% p.a.

20. A firm had two department, cloth and readymade garments. The garments were made by the firm itself out of cloth supplied by the cloth department at its usual selling price. From the following figures, prepare departmental trading and profit and loss account for the year ended 31.3.94.

	<b>Cloth dept. Rs.</b>	<b>Readymade dept. Rs.</b>
Opening stock on 1-4-93	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments dept.	3,00,000	---
Expenses - manufacturing	---	60,000
- Selling	20,000	6,000
Stock on 31-3-94	2,00,000	60,000

The stock in the readymade garments department may be considered as consisting of 75% cloth and 25% other expenses. The cloth department earned gross profit @ 15% in 1992-93. General expenses of the business as a whole came to Rs. 1,10,000.

21. Write short notes on the following:

- a. Minimum Rent
- b. Short Workings
- c. Recoupment of Short workings.
- d. Short workings lapsed.
- e. Fixed Recoupment
- f. Flexible Recoupment

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