

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.Com. DEGREE EXAMINATION – COMMERCE**  
**FIRST SEMESTER – NOVEMBER 2019**  
**UCO 1501 – FINANCIAL ACCOUNTING**

Date: 30-10-2019  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**PART – A**

**Answer ALL Questions**

**( 10 x2=20)**

1. Define 'IFRS'.
2. How will you show the following items in the Balance Sheet?  
Capital: Rs. 1,00,000; Interest on Capital : 10% p.a. ; Drawings : Rs. 30,000; Net Profit for the year Rs. 50,000.
3. Mention any four Capital expenditure and Revenue expenditure.
4. Subscription for the year 2018 received was Rs. 15,000. This includes Rs. 1,500 for the year 2017. Subscription outstanding for the year 2018 was Rs. 5,000. How much is credited to Income and Expenditure account for the year 2018?
5. X and Y are partners sharing profits in the ratio of 3:1. Z is admitted with  $\frac{1}{3}$ <sup>rd</sup> share in profit, paying a premium of goodwill of Rs. 6,000. No goodwill appears in the books. Pass Journal entries.
6. What is sacrificing ratio?
7. Calculate loading on the following, if : Goods are invoiced at 20% above cost and the Goods sent to branch Rs. 2,20,000
8. Apportion the expense Salary Rs. 6,000 to the departments A, B, C and D in the ratio of Cost of goods sold. The Gross profit ratio is 20% on sales. The Sales are A: Rs.2,00,000; B : Rs. 1,50,000; C: Rs1,00,000 and D Rs. 4,50,000.
9. State the meaning of down payment.
10. Calculate the due dates for the following bills:

<b>Date of Transaction</b>	<b>Terms (in months)</b>
14.01.19	2
19.01.19	3
10.02.19	1
19.02.19	4

**PART – B**

**Answer any FOUR Questions**

**(4 x10=40)**

11. How IFRS is different from Accounting Standards? State its objectives with suitable examples.  
 12. Distinguish between Receipts and Payment Account and Income and Expenditure Account.  
 13. P, Q and R were partners sharing Profits and losses equally. Their Balance sheet as on 31<sup>st</sup> December 2018, was as follows:

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
P's Capital	8,000	Cash	3,120
Q's Capital	6,000	Stock	15,630
R's Capital	1,000	Debtors	4,720
Creditors	20,000	Furniture	9,530
Loan	10,000	Profit & Loss a/c	12,000
	-----		-----
	45,000		45,000
	-----		-----

The firm was dissolved due to insolvency of all the partners. Sundry assets were realised as follows: Stock Rs. 10,900; Furniture Rs. 4,000; Debtors Rs. 4,100; Realisation expenses amounted to Rs. 220, were paid in cash. C's private estate earned a surplus of Rs. 600. Prepare necessary Ledger accounts.

14. A head office in Trichy sends goods to its branch at Coimbatore, to which goods are invoiced at cost plus 25%. Prepare Branch account in the books of head office from the following details.

<b>Particulars</b>	<b>Rs.</b>
Opening stock at Invoice price	3,000
Debtors on 01.01.2018	5,600
Petty cash at the beginning	150
Goods sent to Branch	25,000
Remittances by Branch to H.O	
Cash sales	15,000
Cash collected from Debtors	35,000
Cheques sent to Branch:	
Salary	3,500
Rent	10,000
Petty cash	200
Other expenses	750
	-----
	14,450
Closing stock at Invoice price	5,000
Petty cash in hand on 31.12.2018	50
Debtors at the end	40,000

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

Dept. A	2,000 units	}	at a total cost of Rs. 2,00,000
Dept. B	4,000 units		
Dept. C	4,800 units		

Stock on 1<sup>st</sup> January were

Dept. A	240 units
Dept. B	160 units
Dept. C	304 units

Sales were:

Dept. A	2040 units at Rs. 20 each
Dept. B	3840 units at Rs. 22.50 each
Dept. C	4992 units at Rs. 25 each

The rate of gross profit is same in each case. Prepare Departmental Trading Account.

16. On 1<sup>st</sup> May 2018, Ravi owes Rs. 9,000 to Mahesh. The following transaction took place between them till 31<sup>st</sup> December 2018, on which date account current is to be prepared.

Date	Particulars	Amount (Rs.)
01.05.18	Sales to Ravi	4,000
16.06.18	Ravi paid Mahesh	2,000
01.08.18	Goods sold by Ravi	6,000
01.09.18	Sales to Ravi	8,000
01.11.18	B/R accepted by Ravi for 1 month	6,000
01.12.18	Cash received from Ravi	4,000

Prepare an account current to be sent to Ravi by Mahesh as on 31.12.18. Interest is charged at 12% p.a.

17. From the following particulars, Prepare Receipts and Payments account of National Club for the year ended 31<sup>st</sup> December 2018.

Particulars	Amount (Rs.)
Cash in hand and at bank (01.01.18)	2,700
Subscriptions for the year	1,400
Subscription received in advance	50
Purchase of furniture	200
Printing & Stationery	100
Sundry expenses	75
Annual function – sale of tickets	600
Expenses of Annual function	500
Grants to Charitable Societies	100
Salary to staff	1,500
Interest on Bank deposit	100

### PART – C

Answer any TWO Questions

(2 x20=40)

18. On 1<sup>st</sup> January 2014, Kannan purchased a truck for Rs. 84,000. Rs. 20,000 was paid as down payment and four instalments of Rs. 20,000 each to be paid at the end of each year. Interest is charged at 10% p.a. Kannan depreciated the truck at 15% p.a. on WDV method. The accounts are closed on 31<sup>st</sup> December. Kannan after making payment for first instalment, failed to pay second instalment and the vendor took possession of the truck. The vendor, after spending Rs. 4,000 on repairs, sold the truck for Rs. 70,000. Prepare necessary ledger accounts in the books of both the parties.

19. A Mumbai head office invoices goods to its Chennai branch at cost plus 25%. Prepare necessary ledger accounts in the books of the head office, under stock and debtors system, for the year ended 31<sup>st</sup> March 2019.

Particulars	Amount (Rs.)
Stock on 01.04.18	60,000
Goods sent to Branch (I.P)	2,70,000
Loss of Goods in Transit (I.P)	18,000
Pilferage at Branch	3,600
Closing stock (31.03.19)	48,000
Sales made by Branch	3,15,000
Salaries and Wages of Branch	10,000
Advertisement	9,000
Other expenses at Branch	8,000

The Branch received Rs.12,000 from the insurance company for claim for loss of goods in transit.

20. A, B and C are partners, sharing profits in the ratio 3:2:1. Their Balance Sheet was as follows:

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
A's Capital	2,10,000	Goodwill	60,000
B's Capital	1,50,000	Fixed Assets	2,70,000
C's Capital	90,000	Current Assets	2,40,000
Current Liabilities	1,38,000	Cash	18,000
	-----		-----
	5,88,000		5,88,000
	-----		-----

B retires from the firm, whose interest was valued at Rs. 2,40,000. A and C purchased C's Share by bringing in cash in their profit sharing ratio.

On retirement of B, her son D was admitted into the business on the following conditions:

- a) D brings in RS. 1,50,000 for ¼ share, which he obtained from A.
- b) Goodwill was valued at nil and was written off.
- c) Fixed assets are to be valued at Rs. 4,20,000 before D's admission.
- d) The capitals of A and C are to be adjusted on the basis of D's capital according to the new profit sharing ratio.

Prepare Revaluation account, Capital account and Balance sheet after D's admission.

21. From the following Trial Balance of Sri. Narayanan, you are required to prepare a Trading and Profit & Loss account for the year ended 31<sup>st</sup> December 2018 and Balance sheet as on that date.

<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>
Stock on 1 <sup>st</sup> January, 2018	70,000	Capital	2,00,000
Plant & Machinery	50,000	Wages outstanding	4,000
Rent	3,000	Sales	5,00,000
Depreciation on Plant & Machinery	5,000	Creditors	45,000
Drawings	40,000	Bills Payable	16,000
Wages	20,000	Discount Received	12,000
Income tax	2,000	Bank Overdraft	9,000
Salary for 11 months	11,000	Commission Received	8,000
Cash	5,000	Purchase returns	5,000
Buildings	1,60,000		
Depreciation on Buildings	8,000		
Purchases	3,00,000		
Debtors	80,000		
Bills Receivable	30,000		
Discount Allowed	2,000		
Carriage inwards	4,000		
Bad debts	6,000		
Sales returns	3,000		
	-----		-----
7,99,000		7,99,000	
	-----		-----

**Adjustments:**

1. Stock on 31<sup>st</sup> December 2018 was Rs. 96,000
2. Stock destroyed by fire was Rs. 6,000 and the Insurance company accepted a claim for Rs. 3,600
3. Rs. 1,600 paid as rent of the office was debited to Landlord account and was included in the list of Debtors.
4. Goods invoiced Rs. 10,000 was sent to customers on sale or return basis on 28<sup>th</sup> December 2018, the customers still having the right to return the goods. The rate of gross profit was 1/5<sup>th</sup> of sale.
5. Write off further bad debts Rs. 4,000 and maintain 5% provision for bad debts on debtors.
6. One month's salary was outstanding.

\*\*\*\*\*