



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

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

**FIRST SEMESTER – NOVEMBER 2022**

**17/18UCO1MC01 – FINANCIAL ACCOUNTING**

Date: 22-11-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

**PART – A**

**Q. No**

**Answer ALL questions**

**(10 x 2 = 20 Marks)**

1. What is a Balance sheet?
2. When do you prepare a 'Manufacturing Account'?
3. Explain the significance of Ledger.
4. Journalise the following  
Cash received from Paul Rs.15,000 and discount allowed to him Rs.1,000
5. What is Depreciation ?
6. What are dependent branches?
7. What is Sub lease?
8. Calculate sales: Cost of goods sold Rs.2,70,000, Rate of profit 25% on sales.
9. A television set cash price of which is Rs.18,000 is sold on Hire purchase system for Rs.20,000 payable in 4 quarterly instalments of Rs.5,000 each. The first payment is made at the end of the 1<sup>st</sup> quarter. Show how interest is calculated.
10. What is the need for Departmental Accounting?

**PART – B**

**Answer any FOUR questions**

**(4 x 10 = 40 Marks)**

11. Distinguish between Branch Accounting and Departmental Accounting.
12. What is Minimum rent? What is the accounting treatment when Royalty is more than or less than or equal to minimum rent?
13. What do you understand by i.) Complete Repossession and ii.) Partial Repossession under Hire Purchase system?

14. Prepare Departmental Trading A/C for the year 2020 from the following information.  
A company has two departments A and B. Department A supplies goods to Department B at its usual selling price.

	A (Rs.)	B (Rs.)
Opening stock (01/01/2020)	30,000	-
Purchases	2,10,000	-
Transfer to B	50,000	50,000
Sales	2,00,000	60,000
Closing stock (31/12/2020)	40,000	10,000

15. On 1<sup>st</sup> January 2016, Machinery was purchased for Rs.2,50,000. On 1<sup>st</sup> June, 2017 additions were made by purchasing a machinery for Rs.50,000. On 1<sup>st</sup> March 2018, another machinery was purchased for Rs.32,000. On 30<sup>th</sup> June 2019, machinery of the original value of Rs.40,000 on 1<sup>st</sup> Jan 2016 was sold for Rs.30,000. Depreciation is charged at 10% on original cost. Show the Machinery account for the years 2016 to 2019 closing the accounts on 31<sup>st</sup> December each year.
16. From the following particulars relating to Hyderabad branch for the year ended 31/12/2020. Prepare Branch A/C in the Head office books.

Particulars	Rs.	Rs.
Stock at the Branch on 01/01/2020		15,000
Debtors at the Branch on 01/01/2020		30,000
Petty cash at the Branch on 01/01/2020		300
Goods sent to Branch during 2020		2,52,000
Cash sales 2020		60,000
Received from Debtors 2020		2,10,000
Credit sales during 2020		2,28,000
Cheques sent to branch during 2020:		
Salaries	9,000	
Rent and Rates	1,500	
Petty cash	<u>1,100</u>	11,600
Stock at the branch on 31/12/2020		25,000
Petty cash 31/12/2020		200
Goods returned by the branch		2,000
Debtors on 31/12/2020		48,000

17. On 1-1-2020, XYZ., bought a Television on HP basis, the total amount payable being Rs.42,700. The initial payment to be made was Rs.12000, and balance in three half-yearly instalments of Rs.11400, Rs.10900 and Rs.8,400 respectively commencing from 30<sup>th</sup> June 2020. The vendor charged an

interest of 10% p.a., and the hire purchaser depreciates all assets at 10% p.a. on Written Down basis.  
Prepare necessary ledger accounts in the books of both the parties.

**PART – C**

**Answer any TWO questions**

**(2 x 20 = 40 Marks)**

18. Explain the Accounting Concepts and Conventions in detail.
19. From the following Trial Balance of Mr. Joe as at 31<sup>st</sup> March 2021, prepare a Trading and Profit and Loss and a Balance sheet as on that date.

	Dr.	Cr.
Joe's Capital account		1,81,000
Joe's Drawings account	36,000	
Plant and Machinery (balance on 1 <sup>st</sup> April, 2020)	1,20,000	
Plant and machinery (additions on 1 <sup>st</sup> Oct,2020)	25,000	
Stock on 1 <sup>st</sup> April, 2020	95,000	
Purchases	7,82,000	
Returns Inwards	12,000	
Sundry Debtors	20,600	
Furniture and Fixtures	15,000	
Freight and Duty	2,000	
Carriage Outwards	500	
Rent, Rates and Taxes	24,600	
Printing and Stationery	3,800	
Trade expenses	5,400	
Sundry Creditors		40,000
Sales		9,80,000
Returns Outwards		3,000
Postage and Telegrams	800	
Provision for Doubtful debts		400
Discounts		1,800
Rent of premises sub-let for a year up to 30 <sup>th</sup> Sep. 2021		7,200
Insurance Charges	2,700	
Salaries and Wages	31,300	
Cash in hand	6,200	
Cash at Bank	30,500	
	12,13,400	12,13,400

Adjustments:

- 1.) Stock on 31<sup>st</sup> March 2015, was valued at Rs.94,600. Write off Rs.600 as Bad Debts.
- 2.) The Provision for Doubtful debts is to be maintained at 5% on Sundry Debtors.
- 3.) Create a Provision for Discount on Debtors and Reserve for Discount on Creditors at 2%.
- 4.) Provide for depreciation on Furniture and Fixtures at 5% per annum, and on Plant and Machinery at 20% per annum.
- 5.) Insurance unexpired was Rs.100.
- 6.) A fire occurred on 25<sup>th</sup> March, 2015 in the godown and stock of the value of Rs.5,000 was destroyed. It was fully insured and the Insurance company admitted the claim in full.

20. ABC Ltd. opened a branch in Kancheepuram on Jan. 1, 2021. Goods were invoiced at Invoice Price, which was cost plus 25 %. From the following particulars, you are required to prepare the necessary ledger accounts under Stock & Debtors system:

Debtors (opening) Rs.10,000

Goods sent to Branch Rs.3,00,000

Cash Sales Rs.1,00,000

Goods returned by customers Rs.3,000

Cash received from customers Rs.80,000

Discount Allowed Rs.1,000

Cash Remitted to Branch for:

Rent Rs.1,500

Salaries Rs.6,000

Miscellaneous Expenses Rs.1,000

Goods Returned by Branch Rs.12,000

Debtors (Closing) Rs.66,000

Stock at the end Rs.50,000

21. Modern Transport Co. purchased four cars of Rs. 5,00,000 each on Hire purchase system. The Hire purchase price for all the four cars was Rs.26,00,000, to be paid Rs.8,00,000 down at the time of signing of the contract i.e., on April 1, 2020 and three instalments of Rs.6,00,000 each at the end of each year. Interest is charged by vendors M/S Rohan Motors @ 25% per annum. The buyer depreciates cars at 20% per annum on Straight line method.

After having paid down payment and first instalment, buyer could not pay second instalment and seller took possession of 3 cars at an agreed value to be calculated after depreciating cars at 25% p.a. on Written down value method. One car was left with the buyer. M/S Rohan Motors, after spending Rs.25,000 on repairs sold away all the three cars to M/S Mahadevan for Rs.9,25,000.

Accounts are closed on 31<sup>st</sup> March every year. Show the necessary accounts in the books of both the Hire Vendor and Hire Purchaser.

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