

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – COMMERCE

FIRST SEMESTER – NOVEMBER 2022

UCO 1501 – FINANCIAL ACCOUNTING

Date: 22-11-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A

Answer ALL questions

(10 x 2 = 20 Marks)

- 1 Define Partnership.
- 2 When do partnership prepare new profit-sharing ratio?
- 3 State the meaning of “Stock Reserve”
- 4 What is hire purchase price?
- 5 What are capital receipts?
- 6 Why do businesses prepare final accounts?
- 7 Mention any two needs for preparing department accounts?
- 8 What is average Due Date?
- 9 Arun Ltd., purchased an asset costing ₹ 30,000 from Babu Ltd on hire purchase system. It was agreed to pay ₹ 10,000 per year in three annual instalments with interest at 5%. Calculate Interest amount for 3 years.
- 10 A Trader’s Trial Balance contains:
Sundry Debtors - ₹ 50,000; Bad Debts - ₹ 1,000.
It is desired to provide for doubtful debts at 5% of the debtors. Make the necessary provision and calculate total amount of Provision for doubtful debts.

PART – B

Answer any FOUR questions

(4 x 10 = 40 Marks)

- 11 The following bills are due for payment on different dates, and it is desired to make a single payment for the total amount :

Date	Amount ₹	Due Date
07.04.2021	₹ 3,000	17.05.2021
14.05.2021	₹ 6,000	22.07.2021
05.06.2021	₹ 5,000	02.08.2021
15.06.2021	₹ 7,000	30.08.2021

Calculate Average Due Date.

- 12 The Super cycles has a branch at Chennai. Goods are invoiced to the branch at cost plus 25%. Branch is instructed to deposit cash every day in the Head Office Account in the bank. All expenses are paid by cheque by the head office except petty cash expenses which are paid by the branch manager. From the following particulars prepare Branch Account in the books of Head Office.

Stock on 01.01.2018	2,500	Furniture purchased by branch manager	1,200
Stock on 31.12.2018	3,000	Goods invoiced from Head Office	18,200
Sundry Debtors on 01.01.2018	1,400	Expenses paid by the Head Office	1,640
Sundry Debtors on 31.12.2018	1,800	Expenses paid by the branch	120
Cash sales for the year	10,800	Cash remitted by head office to the	1,300
Credit Sales for the year	7,000	branch office for purchase of sale	
Cash remitted to Head Office	15,000		

13 From the following Receipts and Payment Account of Cuttack Citizen Club and from the information supplied, prepare Income and Expenditure Account for the year ended 31st December, 2018 and Balance Sheet as on that date.

RECEIPT AND PAYMENT ACCOUNT

Receipts	₹	Payments	₹
To Balance (1-1-2018)	2,350	By Salaries	1,200
To Entrance Fees	300	By Electricity	120
To Subscriptions:		By Newspaper	525
2017	50		
2018	3,500		
2019	75		
To Profits from Refreshments	100	By Fixed Deposits	2,500
To Furniture Rent	200	By Utensils	200
To Sundry Income	120	By Payment to Creditor	1,000
		By Balance (31-12-2018)	1,150
	6,695		6,695

Assets and liabilities on 1st January 2018 were: Utensils ₹ 800, Furniture ₹ 2,500, Consumable Stores ₹ 350, Creditors ₹ 1,200. On 31st December 2018 the value of consumable stores was ₹ 700, creditors amounted to ₹ 550. Subscriptions outstanding were ₹ 75 and interest accrued on fixed deposit was estimated at ₹ 25.

14 Distinguish between “ Branch Accounts” and “Departmental Accounts”.

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 1st 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 Delhi Co. purchased from Mumbai Co. three machines costing ₹ 40,000 each on the Hire-Purchase System. Payment was to be made ₹ 30,000 down and the remainder in three equal instalments together with interest at 5%. Delhi Ltd. Writes off depreciation @ 20% on the diminishing balance. It paid the instalment due at the end of the first year but could not pay the next.

Give the necessary ledger accounts in the books of both the parties for two years if the hire vendor took possession of all the three machines. The hire vendor sent ₹ 5,800 on getting the machines thoroughly overhauled and sold them for ₹ 70,000.

17 Explain the following Accounts (i) Revaluation Account (ii) Memorandum Revaluation Account.

PART – C

Answer any TWO questions

(2 x 20 = 40 Marks)

18 From the following Trial Balance of Hari and additional information prepare Trading and Profit and Loss account for the year ended 31st March 2019 and a Balance Sheet as on that date:

**TRIAL BALANCE
as at 31st March, 2019**

PARTICULARS	Dr. ₹	Cr. ₹
Capital	-	1,00,000
Furniture	20,000	-
Purchases	1,50,000	-
Debtors	2,00,000	-
Interest Earned	-	4,000
Salaries	30,000	-
Sales	-	3,21,000
Purchase Returns	-	5,000
Wages	20,000	-
Rent	15,000	-
Sales Return	10,000	-
Bad Debts Written Off	7,000	-
Creditors	-	1,20,000
Drawings	24,000	-
Provision for Bad Debts	-	6,000
Printing & Stationery	8,000	-
Insurance	12,000	-
Opening Stock	50,000	-
Office Expenses	12,000	-
Provision for Depreciation	-	2,000
	5,58,000	5,58,000

Additional Information:

1. Depreciate Furniture by 10% on original cost.
2. A provision for doubtful debts is to be created to the extent of 5% on sundry debtors.
3. Salaries for the month of March 2019 amounting to ₹ 3,000 were unpaid which must be provided for. However, salaries included ₹ 2,000 paid in advance.
4. Insurance amounting to ₹ 2,000 is prepaid.
5. Provide for outstanding office expenses ₹ 8,000.
6. Stock used for private purpose ₹ 6,000.
7. Closing Stock ₹ 60,000.

19 The Jubilee Club, Chennai had the following assets and liabilities as on 1-1-2018.

Cash in hand ₹ 2,000; Subscriptions receivable ₹ 200; Furniture ₹ 1,000; Sport material ₹ 600; Investments ₹ 2,500; Buildings ₹ 5,000; Outstanding creditors for supplies ₹ 300 and capital fund ₹ 11,000.

During the year 2018 the club did the following business:

Subscriptions received (including the arrears) ₹ 3,000; subscription due ₹ 300; paid the outstanding for supplies; subscriptions to newspaper ₹ 500; sports materials purchased ₹ 1,000; sale of old newspaper ₹ 50; meeting expenses ₹ 450; lighting charges ₹ 400; salaries of establishment ₹ 1,000; stock of sports materials at the end ₹ 500; interest received on investments ₹ 75 (outstanding ₹ 25);

borrowings ₹ 2,000; purchased furniture (31-12-2018) ₹ 400; expenditure on annual function ₹ 375; donations received ₹ 1,800; (half to be capitalized). Provide depreciation @5% on furniture and Buildings.

Prepare a Receipts and Payments Account and Income and Expenditure Account for the year ended 31st December 2018 and a Balance Sheet as on that date.

20 Ganesh Traders, Bangalore have a branch at Madras to which goods are sent at cost price to be sold for Cash and Credit.

	₹		₹
Stock on 1-1-2018	27,000	Stock on 31-12-2018	19,260
Debtors on 1-1-2018	9,000	Goods sent to Branch	54,000
Bank Balances on 1-1-2018	8,400	Goods returned to H.O. by Branch	1,080
Cash sales	14,400	Credit Sales	72,000
Goods returned by Customers	540	Cash collected from Customers	66,000
Discount allowed to Customer	1,320	Bad Debts written off	780
Cash remitted to H.O. by Branch	75,000	Rent, Rates, and Insurance paid by H.O.	1,500
Expenses paid by Branch :			
Wages and Salaries	1,200		
Miscellaneous Expenses	600		

From the above particulars, you are required to prepare:

(i) Branch Stock A/c (ii) Branch Debtors A/c (iii) Branch Expenses A/c (iv) Branch P& L A/c (v) Branch Bank A/C

- 21 a. A mini bus is purchased for ₹ 1,60,000 under hire-purchase agreement on 1-1-2017. The amount payable is ₹ 40,000 on 1.1.2017 on entering the agreement and the balance in three annual installments of ₹ 50,000 each at the end of the year. Depreciation is charged at 10% on written down value method. Show the asset Account and Hire Vendor's Account in the books of the purchaser.
- b. Explain the objectives and scope of IFRS and Accounting Standards.

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