LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIRST SEMESTER – NOVEMBER 2012

# CO 1502 - FINANCIAL ACCOUNTING

 Date : 08/11/2012 Dept. No. Max. : 100 Marks

 Time : 1:00 - 4:00

**PART – A**

**ANSWER ALL THE QUESTIONS: (10x2=20)**

1. What are the different types of branches?
2. [a] Hire Vendor may take away only a portion of goods on which there is default of

 installment\_\_\_\_\_\_\_\_\_\_\_

 [b] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is the advance payable by the buyer while signing hire purchase agreement.

1. Say True or False:

 [a] Single entry is an incomplete system of accounting because here only personal accounts are

 maintained.

 [b] Depreciable assets are expected to be used for an accounting period.

1. Match the following:

 [a] Fixed assets - Mines, quarries

 [b] Nominal assets - Bills Receivable

 [c] Liquid assets - Building

 [d] Wasting asset - Discount on shares.

1. What is the need for Departmental Accounting?
2. From the following data calculate Capital at the beginning of the year.

 Capital at the end of the year - Rs.70,000

 Drawings during the year - Rs.10,000

 Capital introduced during the year - Rs.5,000

 Profit made during the year - Rs.20,000

1. In what basis the following expenses apportioned in departmental accounting?

 [a] Selling expenses [b] Canteen expenses

 [c] Depreciation [d] Carriage inwards

1. Cash Price of the Machinery Rs.20,000. Down payment Rs.5,000, four annual installments of Rs.5,000 each. Calculate interest for each of the four years.
2. Why do you prepare a Statement of Affairs ?
3. Why do you prepare a Trading account?

**PART – B**

**Answer any FIVE questions: (5 x 8 = 40 marks)**

11. State the various methods of depreciation.

12. Distinguish between Statement of Affairs and Balance Sheet.

13. Define HRA. Enumerate the advantages of HRA.

14. On 01.01.2002, X purchased a machine for Rs.50,000. On 01.07.2003 additions were made for

 Rs.10,000. On 01.04.2004, Rs.6,400 worth of additions were made. On 31.12.2004, 1/4th of the first

 machine purchased on 01.01.2002 was sold for Rs.7,000. Show machinery account from 2002 to 2004

 in the books of X under diminishing balance method at 10% per annum.

15. From the following details, prepare Departmental Account:

|  |  |  |
| --- | --- | --- |
| Particulars | Department A Rs. | Department B Rs. |
| Opening stockTotal PurchasesTotal salesClosing stockCredit purchasesCredit sales | 9,00027,00042,00010,80017,0005,000 | 8,40021,60036,0004,80010,6006,000 |

 Transfer of goods from Departments A to B Rs.4,000

 Transfer of services from Departments B to A Rs.500

16. The Calcutta Commercial Company invoiced goods to its Jamshedpur Branch at cost. The Head

 Office paid all the expenses from its bank except petty cash expenses which were paid by the branch.

 From the following details relating to the Branch, prepare,

 1) Branch stock A/c 2) Branch Debtors A/c 3) Branch Expenses A/c 4) Branch P&L A/c

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs |  | Rs |
| Stock ( Opening )Debtors ( Opening )Petty cash ( Opening )Goods sent from HOGoods returned to HOCash salesAdvertisementCash received from DebtorsStock ( Closing )Allowance to customers | 21,00037,80060078,0003,00052,5002,40085,50019,500600 | Discount to customersBad debtsGoods returned to branch by customersSalaries & WagesRent & RatesDebtors(Closing)Petty cash ( Closing )Credit sales | 4,2001,8001,50018,6003,60029,40030085,200 |

17. From the following information calculate credit purchases and total purchases:

|  |  |
| --- | --- |
|  | *Rs.* |
| Cash purchasesOpening balance of bills payableOpening balance of creditorsClosing balance of Bills payable Closing balance of creditorsCash paid to creditorsCash paid to bills payable in the relevant yearPurchase returnsAllowance from creditorsBills payable dishonoured | 29,0007,50020,0002,50018,00025,00010,5001,500800300 |

18. From the following information you are required to ascertain

 [a] cost of sales [b] Closing inventory as per CPP method,

 when the firm follows LIFO method for inventory valuation.

Inventory on 1/4/1996 Rs.1,20,000

Purchases during 1996 - 97 Rs.72,000

Inventory on 31/3/1997 Rs.1,80,000

 The firm has decided to adopt retail price index which was as follows:

 On 1/4/1996 = 100; on 31/3/1997 = 140; Average during 1996 – 97 =125

**PART – C**

**Answer any TWO questions: (2 x 20 = 40 marks)**

19. Raja maintains his books under Single Entry system . From the following information prepare Trading

 Profit and Loss A/c for the year ending 31.12.1991 and also Balance sheet as on that date.

 Cash in hand on 01.01.1991 was Rs.4,250.

 Asset and Liabilities

 1.1.1991 31.12.1991

 Debtors 16,300 21,250

 Stock 8,330 11,220

 Furniture 850 850

 Creditors 5,100 3,780

 Other transactions:

Cash received from debtors 52,680 Cash sales 1,275

Cash paid to creditors 37,400 Cash Purchases 4,250

Salaries 10,200 Discount received 595

Rent & Rates 1,275 Discount allowed 255

Other expenses 1,530 Returns inward 850

Drawings 2,550 Returns outward 680

Additional capital 1,700 Bad debts 170

Adjustments:

Write off depreciation @5% on furniture. Provide doubtful debts @ 1% on debtors.

20. Kevin purchased a truck for Rs.1,60,000 from Pranesh on 1.1.93 payment to be made Rs.40,000

 down,Rs.46,000 at the end of first year, Rs.44,000 at the end of second year and Rs.42,000 at the end

 of third year. Interest was charged at 5% and Kevin depreciates the truck at 10% per annum on written

 down method.

 Kevin, after having paid down payment and first installment at the end of first year, could not pay

 second installment. The seller took possession of the truck and after spending Rs.4,000 on repairs of

 the asset, sold it away for Rs.91,500.

 Give journal entries and ledger accounts in the books of both parties.

21. From the following trial balance as on 31.12.2000 prepare Trading, Profit and Loss Account and a

 Balance Sheet as on that date.

|  |  |  |
| --- | --- | --- |
| Particulars | Debit Rs. | Credit Rs. |
| Stock as on 01.01.2000Cash in handDrawingsRentMachineryTaxProvision for bad debtsBad debtsCapitalInterestGeneral ExpensesBank overdraftPurchasesDebtorsSalesCreditorsSales returnPurchase return | 5,8401922,8404803,8006008881,76041,44816,800840 | 42017,00032096047,6248,0001,164 |
|  | 75,488 | 75,488 |

 Adjustments:

1. Depreciation on machinery 10% p.a
2. Rent outstanding Rs.500
3. Tax prepaid Rs.100
4. Provision for bad debts is to be increased to 5% on debtors
5. Closing stock Rs.3,500.

 22. Discuss the Social Responsibility Accounting in detail.

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