

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

SECTION A**Answer ALL the Questions**

1.	Explain the following:	(5 x 1 = 5)	
a)	Nominal Account	K1	CO1
b)	Convention of Conservatism	K1	CO1
c)	LLP	K1	CO1
d)	Average Due Date	K1	CO1
e)	Independent Branch	K1	CO1
2.	Fill in the blanks	(5 x 1 = 5)	
a)	Closing Stock = _____, if the Cost Price of the Stock is Rs.49,000 and its Market Price is Rs.50,000.	K1	CO1
b)	Under Department Accounting method, Wages is apportioned on the basis of _____	K1	CO1
c)	If the Opening Debtors = Rs.6,300, Credit Sales = Rs.39,000 and Cash received from Debtors = Rs.41,200, then Closing Debtors = Rs. _____	K1	CO1
d)	Down Payment + Instalment paid – Interest Paid = _____	K1	CO1
e)	If the maturity date of a bill falls on January 26, then the due date is _____	K1	CO1
3.	True or False	(5 x 1 = 5)	
a)	Income & Expenditure is a Real Account.	K2	CO1
b)	Commission Received in Advance is an Asset.	K2	CO1
c)	Life Membership fees is Revenue Receipt.	K2	CO1
d)	Amount received by a Non-profit organisation as per Will of a deceased person is called Legacy.	K2	CO1
e)	Sacrificing Ratio + New Ratio = Gaining Ratio	K2	CO1
4.	Match the following	(5 x 1 = 5)	
a)	Business Entity Concept - Profit is derived out of Revenue and Costs	K2	CO1
b)	Going Concern Concept - Expenses are recorded, whether cash is paid or not	K2	CO1
c)	Cost Concept - Business is distinct from its owner	K2	CO1
d)	Accrual Concept - Business continues for an indefinite period	K2	CO1
e)	Realisation Concept - Market Value of the Assets are not recorded	K2	CO1

SECTION B

Answer any TWO of the following questions

(2 x 10 =20)

5. What is IFRS? Bring out its objectives. K3 CO2
6. Prepare Income and Expenditure for the year ended 31-12-2018, and a Balance Sheet on that date from the following details: K3 CO2

Balance Sheet as on 31-12-2017

Liabilities	Rs.	Assets	Rs.
Capital Fund	33620	Buildings	30000
Subscription Received in Advance	600	Subscriptions Due	380
Outstanding Expenses	1400	Outstanding Locker Rent	240
Loan	5000	Cash	10000
	40620		40620

Receipts and Payments Account for 2018

Balance (1-1-2018)	10000	Expenses:	2017	1200
Subscriptions:			2018	2000
	2018	Land		4000
	2019	Interest		400
Entrance Fees	800	Miscellaneous Expenses		2000
Locker Rent	700	Balance 31-12-2018		8300
Miscellaneous Income	4000			
	17900			17900

7. ABC Ltd. (H.O – Chennai), has a branch at Madurai to which goods are invoiced at cost plus 20%. From the following details, prepare Branch A/c. in the books of H.O (Amounts in INR) : K3 CO2
- | | | | |
|-----------------------------------|----------|-------------------------------|--------|
| Goods sent to branch | 2,11,872 | Branch Debtors as on 1-1-2018 | 24,000 |
| Total Sales | 2,06,400 | Branch Stock as on 1-1-2018 | 7,680 |
| Cash Sales | 1,10,400 | Branch Stock as on 31-12-2018 | 13,440 |
| Cash received from Branch Debtors | 88,000 | | |

8. State the contents of a Partnership Deed. K3 CO2

SECTION C

Answer any TWO of the following questions

(2 x 10 = 20)

9. Maran has accepted the following bills drawn by Govindarajan: K4 CO3
- On 8/3/2014 - Rs. 8,000 for 4 months
- On 16/3/2014 - Rs.10,000 for 3 months
- On 7/4/2014 - Rs.12,000 for 5 months
- On 17/5/2014 - Rs.10,000 for 3 months
- He wants to pay all the bills on a single day. Find out the Average Due Date. Interest is charged at 18% p.a. and Maran wants to save Rs.300 by way of interest. Ascertain the date on which he has to effect the payment to save interest of Rs.300.

10. A firm has two departments viz. Cloth and Readymade. The readymade clothes are made by the firm itself out of the cloth supplied by the Cloth Dept. at its usual Selling Price. From the following information, prepare a Departmental Trading and Profit & Loss Account for the year ended 31-3-2022 (Amounts in INR.) K4 CO3

Particulars	Cloth Dept.	Readymade Dept.
Stock (1-4-2021)	2,40,000	48,000

Purchases	18,00,000	24,000
Sales	20,00,000	6,00,000
Transfer to Readymade Dept.	4,00,000	---
Direct Expenses	---	68,000
Indirect Expenses	40,000	4,000
Stock (31-3-2022)	3,00,000	60,000

The stock in Readymade Dept. may be considered as consisting of 80% Cloth and the remaining as other expenses. The Cloth Dept. has earned a Gross Profit of 25% in 2020-21.

11. On 1-1-2021, K and S entered into partnership and contributed Rs.80,000 and Rs. 60,000 respectively. They share profit and losses in the ratio of 3:2. S is to be allowed a salary of Rs.16,000 per a year. Interest on Capital is decided as 5% p.a., and Interest on Drawings is to be charged at 5% p.a. During the year K and S withdrew Rs.12,000 and Rs.24,000 respectively, and paid an Interest of Rs.280 and Rs.200. The profit in 2021, before all the above adjustments was Rs.42,320. Show the distribution of profits between K and S, and prepare Partners' Capital Account, where the Capitals are Fixed. K4 CO3
12. Distinguish between Receipts & Payments Account and Income and Expenditure Account. K4 CO3

SECTION D

Answer any ONE of the following

(1 x 20 = 20)

13. From the following Trial Balance of Narayan, you are required to prepare a Trading and Profit & Loss Account for the year ended 31-3-2022, and a Balance Sheet as on that date. K5 CO4

Debit Balances	Rs.	Credit Balances	Rs.
Stock (1-4-2021)	70000	Capital	200000
Plant	50000	Wages due	4000
Rent	3000	Sales	500000
Depreciation on Plant	5000	Creditors	45000
Drawings	40000	Bills Payable	16000
Wages	20000	Discount received	12000
Income Tax	2000	Bank Overdraft	9000
Salary for 11 months	11000	Commission received	8000
Cash at Bank	5000	Purchases returns	5000
Buildings	160000		
Depreciation on Buildings	8000		
Purchases	300000		
Debtors	80000		
Bills Receivable	30000		
Discount Allowed	2000		
Carriage on Purchases	4000		
Bad Debt	6000		
Sales Returns	3000		
	799000		799000

Adjustments:

1. Stock as on 31-3-2022 was Rs.96,000.

1. Stock destroyed by fire was Rs.6,000, but the Insurance Company accepted a claim of Rs.3,600.
2. Rs.1,600 paid towards Office rent was wrong included in the Debtors.
3. Goods invoiced Rs.10,000 sent to the customers on Sale or Return basis on 28-3-2022, and the customers still have the right to return it. The rate of gross Profit was $\frac{1}{5}$ th of Sale.
4. Write of further bad debt of Rs.4000, and maintain 5% provision for doubtful debts.
5. Salary for March 2022 is still due.

14. From the following balances appearing in the books of Raman, prepare a Departmental Trading and Profit & Loss A/c. for the year ended 31-3-2022, and a Balance Sheet as on that date.

K5

CO4

Particulars	Dept. A	Dept. B
Opening Stock	17,000	14,500
Purchases	35,400	30,200
Sales	60,800	51,250
Wages	8,200	2,700

Expenses to be Apportioned:

Rent & Rates	9,390	Furniture	3,000
Sundry Expenses	3,600	Plant & Machinery	21,000
Salaries	3,000	Sundry Debtors	6,060
Lighting & Heating	2,100	Creditors	18,600
Discount Allowed	2,220	Capital	47,660
Discount Received	650	Drawings	4,500
Advertising	3,680	Cash in Bank	9,900
Carriage Inwards	2,340	Cash at Hand	170

Additional Information:

1. Inter-dept. transfer from Dept. A to B at Cost Rs.420, and B to A at Cost Rs.500
1. Advertisement is to be apportioned equally.
2. Discount allowed and received should be apportioned on the basis of Sales and Purchases respectively, ignoring the inter-dept. transfers.
3. Depreciation at 10% on Plant and Machinery and on Furniture, to be charged $\frac{3}{4}$ th to Dept. A and $\frac{1}{4}$ th to Dept. B.
4. All other expenses are to be apportioned between A and B in the ratio of 2:1
5. Closing Stock of Dept. A is Rs.16,740 and Dept. B is Rs.12,050.
6. There are no additions to or Sale of Plant & Machinery or Furniture.

SECTION E

Answer any ONE of the following

(1 x 20 = 20)

15. M/S. Bee Ltd. invoices goods to their various branches at cost plus 25%. Branches sell the goods for both Cash and Credit, and branch expenses are met by H.O. From the following particulars related to Salem Branch, prepare the following ledger accounts viz. Branch Stock, Branch Debtors, Branch petty Cash, Branch Expenses, Goods sent to Branch, Branch Adjustment & Branch P&L Accounts under the Stock and Debtors system.

K6

CO5

Particulars	Amt. in Rs.
Branch Opening Stock at Invoice Price	8000
Branch Opening Debtors	4000

Branch Opening Petty Cash	500
Branch Opening Furniture	6000
Goods invoiced during the year	22000
Cheques sent to branch during the year :	
for Salaries	2000
for Rent	1000
for Petty Cash	300
Goods returned by branch	800
Cash Sales by Branch	10000
Cash received from Branch Debtors	9000
Credit Sales by Branch	25000
Goods returned by Debtors	400
Discount Allowed to Debtors	500
Bad Debts	100
Branch Closing Stock at Invoice Price	10000
Branch Closing Petty Cash	200

Furniture is to be depreciated at 10% p.a.

16.	<p>On 1.1.2020, Mr. Ramalingam bought 5 e-mopeds from Next-gen Motors on Hire Purchase costing Rs.40,000 each. The Hire Purchaser paid Rs.50,000 as down-payment and the balance to be paid in 3 instalments of Rs.60,000 each at the end of three years. He also depreciates the mopeds at 20% p.a. on written down value method. Next-gen Motors charges interest at 10% p.a. The Hire Purchaser paid the initial payment and two instalments promptly, but failed to pay the third instalment. Consequently, the Next-gen Motors repossessed 3 e-mopeds out of 5, and adjusted their value against the amount due. Next-gen Motors charged 30% depreciation p.a. on the repossessed e-mopeds under written down value, and later sold them for Rs.60,000 after incurring Rs.10,000 towards repossession expenses. Prepare necessary ledger accounts in the books of both the parties.</p>	K6	CO5
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