



CO 1502 – FINANCIAL ACCOUNTING

Date : 21/04/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

SECTION - A

Answer **ALL** the Questions

(10 X 2=20)

1. Why do you prepare a Trading Account?
2. Explain the term Dependent Branch.
3. What is 'Statement of Affairs'? Why is it prepared?
4. An asset is purchased for Rs.30,500. An amount of Rs.1,500 was spent for installation. The useful life of the asset is 5yrs and the residual value is Rs.2,000. Depreciation is to be provided annually according to Straight line method. Find out the rate of depreciation.
5. Cash price of the machinery Rs.15,500, Down payment Rs.3,000; Three annual instalments of Rs.5,000 each. Calculate the amount of interest for each year.
6. Prepare branch stock account under stock and debtors system from the following ;

Goods sent to Head office	Rs.50,000
Returns to Head office	Rs. 1,000
Cash sales	Rs.35,500
Credit sales	Rs. 8,000
Opening stock	Rs.10,000
Closing stock	Rs.11,000
7. In departmental accounting, on what basis are the following expenses apportioned:
a) Advertising and bad debts, b) Lighting, c) Depreciation of fixed assets.
8. Identify any two objectives of Human Resource Accounting.
9. Define Social Responsibility Accounting.
10. What is meant by Repossession?

SECTION - B

Answer any **FOUR** questions:

(4 X 10 = 40)

11. Define depreciation and explain the causes of depreciation.
12. Distinguish between 'Hire purchase' and 'Instalment' systems.

13. 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, $\frac{1}{4}$ th of the first machine purchased on 01.01.2002 was sold for Rs.7,000. Show machinery account from 2002 to 2004 assuming that accounts are closed on 31st December every year in the books of X under diminishing balance method at 10% per annum.

14. A firm had two departments, cloth and readymade clothes. The readymade clothes were made by the firm itself out of cloth supplied by the cloth department at its usual selling price. From the following figures, prepare Departmental Trading and Profit & Loss Account for the year ended 2012.

	Cloth Dept Rs.	Readymade Dept Rs.
Opening stock as on 01.01.2012	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade	3,00,000	-
Expenses – Manufacturing	-	60,000
Selling	20,000	6,000
Stock as on 31.12.2012	2,00,000	60,000

The stock in the readymade dept may be considered as consisting of 75% cloth and 25% other expenses. The cloth dept earned gross profit @ 15% in 2011. The general expenses of the business as a whole came to Rs.1,10,000.

15. Mohan purchased a truck for Rs.1,60,000 from Karthik on 01.01.2015, payment to be made Rs.40,000 down and 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%. Mohan depreciates the truck at 10% per annum on written down value method. Mohan , after having paid down payment and first instalment at the end of first year but he could not pay the second instalment. Karthik 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 ledger accounts in the books of both parties.

16. A head office in Trichy has a branch at Coimbatore. From the following information prepare Coimbatore branch account.

Particulars	Rs.	Particulars	Rs.
Stock on 01.01.2005	8,400	Goods sent to branch	23,760
Stock on 31.12.2005	12,800	Goods returned by branch	1,000
Debtors on 01.01.2005	13,450	Bad debts at branch	650
Credit sales	24,850	Remittance by HO for expenses:	
Cash sales	14,600	Salaries	4,150
Cash received from debtors	23,870	Rent, rates and expenses	4,020

17. The following information is given to you regarding 'X' Ltd for the financial year ended 31.03.2015.

	01.04.2014	31.03.2015
	Rs.	Rs.
Monetary assets	80,000	80,000
Monetary liabilities	1,00,000	1,00,000
Retail price index	200	300

Ascertain gain or loss on monetary items.

SECTION C

Answer any **TWO** questions

2 X 20 = 40

18. Explain the concept of Human Resource Accounting. What are the salient features of Human Resource Accounting? Briefly describe the progress made by India in the field of Human Resources Accounting.
19. A second hand machine was purchased on 1-1-90 for Rs.30,000 and repair charges amounted to Rs.6,000. It was installed at a cost of Rs.4,000. On 1st July 1991, another machine was purchased for Rs.26,000. On 1st July 1992 the first machine was sold for Rs.30,000. On the same day, one more machine was bought for Rs.25,000. On 31-12-92, the machine bought on 1st July 1991 was sold for Rs.23,000. Accounts are closed every year on 31st December. Depreciation is written off at 15% per annum. Prepare the Machinery A/c for 3 years ending 31-12-92.

20. Alpha Sales Corporation of Chennai has a branch at Trichy and in order to maintain strict control on stocks, invoices goods to branch at selling price which is cost plus 33.33%. From the following data, make out the Branch stock A/c, Branch debtors A/c, and other necessary accounts to show the gross profit and net profit/loss made there.

Particulars	Rs.	Particulars	Rs.
Stock on 01.01.2004 (invoice price)	15,000	Bad debts written off	250
Debtors on 01.01.2004	11,400	Discount allowed to customers	300
Goods invoiced to branch (invoice price)	67,000	Expenses at the branch	6,700
Cash sales	31,000	Stock on 31.12.2004 (invoice price)	13,400
Credit sales	37,400	Cash received from debtors	40,000

21. Prepare Trading, Profit and Loss Account and Balance Sheet from the following trial balance as on 31.12.2014

Debit Balance	Rs.	Credit Balance	Rs.
Sundry debtors	16,800	Capital	17,000
Machinery	3,800	Purchase returns	1,164
Rent	480	Sales	47,624
Sales return	840	Sundry creditors	8,000
Purchases	41,448	Bank overdraft	960
Opening stock	5,840	Interest	320
Drawings	2,840	Provision for bad debts	420
General expenses	1,760		
Bad debts	888		
Tax	600		
Cash in hand	192		
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	75,488		75,488
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Adjustments:

- (i) Stock on hand on 31.12.2014 Rs.3,500
- (ii) Depreciation on machinery 10% per annum
- (iii) Provision for bad debts is to be increased to 5% on debtors
- (iv) Outstanding rent was Rs.500
- (v) Prepaid tax Rs.100.

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