

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2019-20 and thereafter)**  
**COURSE CODE:19CM/MC/FA13**  
**B.COM. DEGREE EXAMINATION DECEMBER 2020**  
**COMMERCE – SHIFT II**  
**FIRST SEMESTER**

**COURSE : MAJOR – CORE**

**PAPER : FINANCIAL ACCOUNTING**

**TIME : 90 MINUTES**

**MAX. MARKS: 50**

**Section-A**

**Answer all the Questions**

**(3x2=6)**

1. State any two difference between Hire Purchase and Instalment system.
2. A fire occurred in a business premises on 25.04.2019. Ascertain the amount of claim.
  - a) Sales from 01.01.2019 to 25.04.2019 -Rs.14,50,000
  - b) Purchases from 01.01.2019 to 25.04.2019 – Rs.10,25,000
  - c) Stock on hand on 01.01.2019 – Rs.3,75,000
  - d) Gross Profit - 20% on sales
3. Pass necessary adjustment entries for the following adjustments.
  - a) Goods in stock worth Rs.8,000 were destroyed by fire. Insurance company accepts the claim of Rs.6,000.
  - b) Goods worth Rs.2,000 distributed as free samples to customers.

**Section –B**

**Answer any Three Questions**

**(3x8=24)**

4. On 1<sup>st</sup> January 2019, Kannan purchased a machinery from Kathir on hire purchase system. Cash price of machinery was Rs.3,60,000. Down payment was fixed at Rs.92,880 and five annual instalments of Rs.60,000 to be paid on 31<sup>st</sup> December every year. Depreciation is charged at 15% p.a. on straight line method. Kathir charged interest @ 4% p.a. Kathir failed to pay the second instalment and the vendor took possession of machine after charging depreciation @ 15% annually under straight line method. Prepare Machinery account and Kathir account in the books of Kannan.
5. The Premises of Mrs. Pramila caught fire on 26<sup>th</sup> September 2019. From the given particulars, ascertain the loss of stock and prepare a claim for insurance.

<b>PARTICULARS</b>	<b>AMOUNT</b>
Purchases during the year 2018	2,44,000
Purchases from 01.01.2019 to 26.09.2019	2,94,000
Sales during 2018	3,60,000
Sales from 01.01.2019 to 26.09.2019	3,00,000
Stock on 01.01.2018	61,200
Stock on 31.12.2018	54,000

The stocks were valued at 90% of cost. The stock saved from fire was worth Rs.36,000. The amount of policy was Rs.1,26,000 with Average Clause.

6. S and P entered into a joint venture and agreed to divide the profit as to S 60% and P 40%. S and P contributed Rs.1,80,000 and Rs.1,20,000 respectively for carrying on transactions relating to the venture. They opened a joint bank account with the above contributions. They purchased three old state buses for Rs.2,40,000. S and P personally paid Rs.45,000 and Rs.30,000 respectively for repairs and renewals. They purchased a few tyres and tubes costing Rs.54,000. Two buses were sold for Rs.2,70,000 and the third one was taken by P at cost price. Prepare necessary accounts in the books of the Venture.
7. The following details are provided by Star Ltd. regarding its branch at Cuddalore, to which goods are invoiced at cost plus 60%.

PARTICULARS	AMOUNT (Rs.)
Opening Stock at Invoice Price	24,000
Debtors on 01.01.2019	21,375
Furniture as on 01.01.2019	20,000
Cash sent to branch for expenses	16,260
Goods sent to Branch	3,12,000
Sales at branch:	
Cash sales	2,16,000
Credit sales	62,400
Bad debts	375
Discount to debtors	600
Closing stock at Invoice price	33,600
Debtors as on 31.12.2019	10,800

Depreciation on furniture @ 15% p.a. Prepare Branch Accounts in the books of the Head office.

## Section –C

### Answer any One Question

(1x20=20)

8. The following are the Balance Sheets of two firm M/s. R&S and M/s. T&U as on 31<sup>st</sup> March 2019.

Liabilities	R&S	T&U	Assets	R&S	T&U
Bills Payable	30,000	-	Cash	2,00,000	2,00,000
Trade Creditors	15,000	1,25,000	Bank	50,000	75,000
Bank Overdraft	-	51,500	Debtors	1,00,000	1,50,000
Capitals:			Stock	1,50,000	1,75,000
R	2,50,000		Buildings	25,000	1,00,000
S	2,50,000		Furniture	10,000	1,500
T		2,62,500	Investments	10,000	-
U		2,62,500			
	<b>5,45,000</b>	<b>7,01,500</b>		<b>5,45,000</b>	<b>7,01,500</b>

The Partners of both the firms have decided to amalgamate their business into a new firm, named as Revathi & Co. The following terms were agreed upon.

- a) The Buildings of both firms are to be taken over at 20% above their book values.
- b) All other assets were taken over at book values except the investment of Ms. R&S.
- c) Both firms to discharge their own liabilities.

Pass necessary Journal entries to close the books of the old firms and also prepare opening entries in the books of the new firm.

9. From the following ledger Balances extracted at the close of Trading year ended 31<sup>st</sup> March,2019 prepare a Trading Account, Profit & Loss Account and Balance Sheet at that date , after giving effect to the undermentioned adjustments:

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Capital on 1-4-2018	50,000	Business Premises	55,000
Stock on 1-4-2018	8,000	Furniture & Fixtures	2,500
Purchases	20,000	Bills receivable	3,500
Sales	80,000	Bills payable	2,500
Return Inwards	1,500	Sundry Debtors	20,000
Return Outwards	400	Sundry Creditors	15,800
Wages	6,900	Machinery	4,500
Advertisement	5,500	Smith 's Loan @10% on 1-4-2018 (Dr. balance)	5,000
Interest on Smith's loan (Cr. balance)	300	Investment	3,000
Proprietor's withdrawals	3,000	Cash in Hand	250
Office expenses	8,050	Cash in Bank	3,500
Interest on Investments (Cr. balance)	1,200		

Adjustments:

- a) Stock in hand at 31<sup>st</sup> March 2019 Rs.7,000
- b) Interest on capital to be allowed at 5% for the year.
- c) Interest on drawings to be charged to him as ascertained for the year Rs.80
- d) Stock valued at Rs.3,000 destroyed by fire on 25-3-2019 but the Insurance Company admitted a claim of Rs.2,000 only and paid it in April,2019.
- e) Included in Sales is an amount of Rs.10,000 representing goods on "Sale or Return", the customer still having the right to return the goods. The cost price of the goods is Rs.8,000.

\*\*\*\*\*