

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011–12 & thereafter)**

SUBJECT CODE : 11CM/MC/FA14

**B.Com. DEGREE EXAMINATION NOVEMBER 2012
COMMERCE
FIRST SEMESTER**

**COURSE : MAJOR – CORE
PAPER : FINANCIAL ACCOUNTING
TIME : 3 HOURS MAX. MARKS : 100**

SECTION – A

ANSWER ALL QUESTIONS: (10 x 3 = 30)

1. What is an average due date? How is it ascertained?
2. State any three features of single entry system.
3. Distinguish between hire-purchase system & instalment system.
4. Write any three objectives of Branch accounts.
5. Tick the correct answers:
 - (i) What type of account goodwill is? -- Fictitious / Intangible
 - (ii) On which side of the balance sheet is unexpired insurance shown?--Assets / Liability
 - (iii) Interest on capital and salary to a sole trader are shown on the credit side/debit side of profit and loss account.
6. Give the adjustment entries for the following transactions
 - a) Unexpired insurance Rs.250
 - b) Salaries outstanding Rs.10,000
 - c) Interest on drawings Rs.520
7. Machine costing Rs.50,000 was purchased on hire purchase basis, Rs.10,000 was paid on signing the agreement and the balance in four equal installments of Rs.10,000 each annually with interest at 5%. You are required to calculate interest payable on each installment
8. Calculate the Average due date and the amount due from the following.
M owes S the following sums of money due from him on the dates stated.
Rs.300 due on March 9, 2011
Rs.1,000 due on April 2, 2011
Rs.4,000 due on April 30, 2011
Rs.100 due on June 1, 2011
He wants to make the complete payment on 30.06.2011 with interest at 5% p.a.

9. A company purchased a plant for Rs.30,000. It is expected that its useful life will be 5 years and salvage value Rs.5,000.
 You are required to determine the rate of depreciation and amount of depreciation to be provided in the first year as per straight line method.
10. Pass necessary entries in the books of HO.
- Goods sent by HO in transit Rs.40,000.
 - Depreciation of branch asset whose accounts are maintained by HO.
 - Cash sent by branch in transit Rs.60,000.
 - Head office expenses Rs.2,000 met by branch.

SECTION – B

ANSWER ANY FIVE QUESTIONS: **(5 x 8 = 40)**

11. The Rajini Stores Limited in Madras has a branch at Trichy. Goods are invoiced to the Branch at selling price being cost plus 25%.
 From the following details, prepare Branch Account in the Head office books.

Stock 1 st Jan 1993 at Invoice price	7,500	Rent rates and taxes	2,400
Stock 31 st Dec 1993 at Invoice price	9,000	Sundry Expenses	480
Sundry Debtors 1 st Jan 1993	4,200	Cash sales for the year	32,400
Sundry Debtors 31 st Dec 1993	5,400	Credit sales	21,000
Goods invoiced from H.O. at Invoice price	54,600	Cash received from debtors	19,800
		Wages paid	2,040
		Wages still owing	200

12. A company whose accounting year is the calendar year, purchased on 1.1.2008 a machine costing Rs.4,00,000. It purchased further machinery on 1st October 2008 for Rs.2,50,000 and on 1st July 2009 for Rs.90,000.
 On 1.7.2010 , 1/4th of the machinery installed on 1.1.2008 became obsolete and was sold for Rs.68,000.
 Show the machinery account for the three years (2008 to 2010) under diminishing balance method depreciating the machinery at 10% p.a.

13. Mr. Gupta purchased machinery under hire-purchase agreement from Mr.Pankaj. The cash price of the Machinery was Rs.15,500. The payment for the purchase are to be made as under:

On signing the agreement Rs.3,000

First year end Rs.5,000

Second year end Rs.5,000

Third year end Rs.5,000

You are required to prepare Mr. Pankaj's account.

14. Prepare account current for Nagesh in respect of the following transactions with Basha:-

	Rs.
Sep. 16	Goods Sold to Basha
	400 (due 1 st Oct.)
Oct. 1	Cash received from Basha
	180
Oct. 21	Goods purchased from Basha
	1,000 (due 1 st Dec.)
Nov. 1	Paid to Basha
	660
Dec. 1	Paid to Basha
	600
Dec. 5	Goods purchased from Basha
	1,000 (due 1 st Jan.)
Dec. 10	Goods purchased from Basha
	440 (due 1 st Jan.)

	Rs.
Jan. 1	Paid to Basha
	1,200
Jan. 9	Goods sold to Basha
	40 (due to 1 st Feb.)

The account is to be prepared upto 1st Feb. Calculate interest @ 6% p.a.

15. a) From the following details find out the credit purchases and total purchases:

	Rs.		Rs.
Cash Purchases	29,000	Bills payable paid during the year	10,500
Bill payable (opening)	7,500	Purchase returns	1,500
Bill Payable (closing)	2,500	Allowances from creditors	800
Creditors (opening)	20,000	Bills payable dishonoured	300
Creditors (closing)	18,000		
Cash paid to creditors	25,000		

- b) From the following information, you are required to calculate total sales:-

	Rs.		Rs.
Bills Receivable in the beginning	7,800	Bad debits written off	2,800
Debtors in the beginning	30,800	Return Inwards	8,700
Bills Receivable encashed during the year	20,900	Bills Receivable at the end	6,000
Cash received from Debtors	70,000	Debtors at the end	25,500
		Cash sales (as per cash book)	40,900
		Bills Receivable dishonoured	1,800

16. Mrs.Sophia, a partner in a firm has taken the following amounts from her firm for the half year ending 30.6.2009.

Amount (Rs.)	Due Date
5,100	08.01.2009
3,500	12.02.2009
4,000	15.03.2009
3,600	10.04.2009
3,700	06.05.2009
6,000	08.06.2009

Interest is calculated @ 10% p.a. Calculate average due date and the amount of interest.

17. Mr. Mano keeps his books of accounts under single entry system. His financial position on 31.12.2007and 31.12.2008 was as follows:

Particulars:	2007 Rs.	2008 Rs.
Cash	9,860	800
Stock in trade	38,520	57,020
Plant & Machinery	54,420	61,000
Bills Receivable	-	16,480
Sundry Debtors	24,840	43,940
Sundry Creditors	72,040	80,000
Furniture	4,960	5,220
Drawings	-	5,000

During the year he introduced additional capital of Rs. 20,000.

From the above particulars prepare a statement of Profit and Loss of Mr. Mano for the year ended 31.12.2008.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. Transport Corporation purchased a truck on hire purchase from Hindustan Motors for Rs.56,000 payment to be made, Rs.15,000 down cash and 3 instalments of Rs.15,000 each at the end of each year. Rate of interest is charged at 5% p.a. Buyer depreciates assets at 10% p.a. on WDV method.

Because of financial difficulties, Transport Corporation after having paid the down payment and first instalment at the end of the first year could not pay the second instalment and Hindustan motors took possession of the truck. The seller after spending Rs.350 on repairs of the truck, sold it for Rs.30,110.

Prepare necessary ledger accounts in the books of both the parties.

19. Following is the trial balance of Nathan & Co. as on 31st March, 2010

	Rs.	Rs.
Capital Account		80,000
Drawing Account	6,000	
Stock(1.4.2009)	45,000	
Purchases	2,60,000	
Sales		3,10,000
Furniture	10,000	
Sundry Debtors	40,000	
Freight and Octroi	4,600	
Trade expenses	500	
Salaries	5,500	
Rent	2,400	
Advertising expenses	5,000	
Insurance Premium	400	
Commission		1,300
Discount	200	
Bad Debts	1,600	
Provision for Bad Debts		900
Creditors		20,000
Cash in hand	5,200	
Bank	5,800	
Goodwill(at cost)	20,000	
	4,12,200	4,12,200

Adjustments:

- (a) Stock on 31st March, 2010 was valued at Rs. 53,000
- (b) Salaries have been only for 11 months
- (c) Unexpired insurance included in the figure of Rs. 400 appearing in trial balance is Rs. 100
- (d) Commission earned but not yet received amounting to Rs. 122 is to be recorded in books of account
- (e) Provision for bad debts is to be brought upto 3% of sundry debtors.
- (f) Manager is to be allowed a commission of 10% of net profits after charging such commission
- (g) Furniture is depreciated @ 10% per annum .
- (h) Only 1/4th of advertising expenses are to be written off.

Prepare trading and profit and loss account for the year ended 31st March, 2010and balance sheet as on that date .

20. Madras Ltd. Invoices goods to its branch at cost plus 33.33%. From the following particulars, Prepare the necessary accounts in the books of Head Office under Stock and Debtors System.

Prepare the Branch Stock account, the Branch Adjustment account and Branch Profit and Loss account as they would appear in the books of Head Office:

	Rs.
Stock at Commencement at Branch at invoice price	1,50,000
Stock at Close at Branch at Invoice price	1,20,000
Goods sent to branch during the year at invoice price (including goods invoiced at Rs.20,000 to branch on 31-3-05 but not received by branch before close of the year)	10,00,000
Return of goods to Head Office (invoice price)	50,000
Cash Sales at Branch	9,00,000
Credit Sales at Branch	50,000
Invoice value of goods pilfered	10,000
Normal loss at Branch due to shortage and deterioration of stock (at invoice price)	15,000

21. Shri Ramdas commenced business on 1 April, 2006 with a capital of Rs. 45,000 he immediately purchased furniture of Rs. 24,000. During the year he borrowed from his father a sum of Rs. 5,000. He had withdrawn Rs. 600 per month for his household expenses. He had no bank account and all dealings were in cash. He did not maintain any books but following information is given:

	Rs.
Sales(including cash sales of Rs. 30,000)	1,00,000
Purchases (including cash purchases of Rs. 10,000)	75,000
Carriage inwards	700
Wages	300
Discount allowed to debtors	1,200
Salaries	6,200
Bad debts written off	1,100
Trade expenses	1,200
Advertisements	2,200

He used goods worth Rs. 1,300 for his personal use and paid Rs. 500 to his son for examination and college fees.

On 31st March 2007, his debtors were worth Rs. 21,000 and creditors Rs. 15,000. Stock in trade was valued at Rs. 10,000. Furniture to be depreciated by 10% p.a. Prepare Trading and Profit & Loss Account and the Balance Sheet for the year ended 31st March 2007.
