

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2023 – 2024 and thereafter)

B. COM. DEGREE EXAMINATION, NOVEMBER 2024
COMMERCE
FIRST SEMESTER

COURSE : **MAJOR CORE**
PAPER : **FINANCIAL ACCOUNTING**
SUBJECT CODE : **23CM /MC/FA13**
TIME : **3 HOURS** **MAX. MARKS: 100**

| Q.NO | SECTION A Answer all the Questions (5x2=10) | CO | KL |
|------|---|----|----|
| 1 | Identify any two difference between Hire purchase and Instalment system. | 1 | K1 |
| 2 | What is Limited Liability Partnership? | 1 | K1 |
| 3 | What is indemnity period in Fire insurance claims? | 1 | K1 |
| 4 | Distinguish between Branch and Departmental accounts. | 1 | K1 |
| 5 | How to treat “Goods sold on sale or return basis”? | 1 | K1 |
| | SECTION B Answer all the Questions (5x2=10) | | |
| 6 | Pass adjustment entries for the following a. Salaries outstanding Rs.15,000 b. Prepaid Insurance Rs.300 | 2 | K2 |
| 7 | A fire occurred in a business premises on 31 st July 2023. Ascertain the amount of claim. Sales from 01.01.2023 to 31.07.2023 Rs.18,00,000 Purchases from 01.01.2023 to 31.07.2023 Rs.12,00,000 Stock on hand on 01.01.2023 Rs.6,00,000 Gross Profit 40% of sales | 2 | K2 |
| 8 | Arul purchased machinery under hire purchase system from Mr. Balu. The cash price of the machinery was Rs.15,000. The payments for the purchase are to be made as follows: On signing the agreement Rs.3,000 end of first year Rs.5,000 end of second year Rs.5,000 end of third year Rs.5,000. Calculate the amount of interest included in each instalment. | 2 | K2 |
| 9 | Calculate Total sales: Branch debtors on 01.04.2022 Rs.20,000 Bad debts Rs.1,000 Discount allowed Rs.2,000 Debtors as on 31.03.2023 Rs.25,000 Cash received from debtors Rs.80,000 Cash sales Rs.40,000 | 2 | K2 |
| 10 | Give the necessary journal entry for a. Payment of realisation expenses of Rs.20,000 b. Investment of Rs. 1,00,000 were revalued at 10% higher than the face value | 2 | K2 |

| | SECTION C Answer any two Questions | (2x10=20) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|--|------------------|--------------|-----------------|---------------|-------|----------|-------------------|--------|---------------|--------|----------------------|--------|------------------|--------|-------------|--------|----------|-------|---------------|-------|-----------------------|-----|----------------|--------|-----------|--------|------|-----|------------------|-----|-----------|-----|--------------------|-----|---------------------|-----|--------------|-------|-------|-------|-----------|-----|---|----|
| 11 | <p>From the following details, prepare Departmental Trading and Profit & Loss account.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Cloth (Rs.)</th> <th style="text-align: right;">Readymade (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Opening stock</td> <td style="text-align: right;">9,000</td> <td style="text-align: right;">8,000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">27,000</td> <td style="text-align: right;">21,000</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">52,000</td> <td style="text-align: right;">66,000</td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">34,000</td> </tr> </tbody> </table> <p>Other information:</p> <ol style="list-style-type: none"> a. Salaries : Rs.30,000 b. Rent : Rs.12,000 c. Goods transferred from cloth to Readymade: Rs. 10,000 d. Number of Employees working in the department: Cloth: 10, Readymade : 20 e. Area occupied by the department : Cloth 500 sq.ft, Readymade: 700 sq.ft. | Particulars | Cloth (Rs.) | Readymade (Rs.) | Opening stock | 9,000 | 8,000 | Purchases | 27,000 | 21,000 | Sales | 52,000 | 66,000 | Closing stock | 50,000 | 34,000 | 3 | K3 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | Cloth (Rs.) | Readymade (Rs.) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening stock | 9,000 | 8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | 27,000 | 21,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | 52,000 | 66,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing stock | 50,000 | 34,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | <p>Prepare Trading and Profit & Loss account for the year ending 31st March 2022</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td style="text-align: right;">52,000</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">1,01,000</td> </tr> <tr> <td>Purchases returns</td> <td style="text-align: right;">1,900</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">22,000</td> </tr> <tr> <td>Furniture & Fittings</td> <td style="text-align: right;">5,500</td> </tr> <tr> <td>Sundry creditors</td> <td style="text-align: right;">6,200</td> </tr> <tr> <td>Investments</td> <td style="text-align: right;">16,700</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">1,800</td> </tr> <tr> <td>Sales returns</td> <td style="text-align: right;">5,200</td> </tr> <tr> <td>Printing & stationery</td> <td style="text-align: right;">240</td> </tr> <tr> <td>Sundry debtors</td> <td style="text-align: right;">31,000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">72,000</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">560</td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">390</td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">160</td> </tr> <tr> <td>Postage & Telegram</td> <td style="text-align: right;">210</td> </tr> <tr> <td>Travelling expenses</td> <td style="text-align: right;">550</td> </tr> <tr> <td>Cash at bank</td> <td style="text-align: right;">3,270</td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">1,300</td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">220</td> </tr> </tbody> </table> <p>Adjustments:</p> <ol style="list-style-type: none"> a. Salaries outstanding Rs.150 b. Closing stock was Rs.18,500 c. Insurance prepaid Rs.30 d. Charge 10% depreciation on furniture. | Particulars | Amount (Rs.) | Capital | 52,000 | Sales | 1,01,000 | Purchases returns | 1,900 | Opening stock | 22,000 | Furniture & Fittings | 5,500 | Sundry creditors | 6,200 | Investments | 16,700 | Salaries | 1,800 | Sales returns | 5,200 | Printing & stationery | 240 | Sundry debtors | 31,000 | Purchases | 72,000 | Rent | 560 | Carriage inwards | 390 | Bad debts | 160 | Postage & Telegram | 210 | Travelling expenses | 550 | Cash at bank | 3,270 | Wages | 1,300 | Insurance | 220 | 3 | K3 |
| Particulars | Amount (Rs.) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital | 52,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | 1,01,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases returns | 1,900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening stock | 22,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Furniture & Fittings | 5,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sundry creditors | 6,200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investments | 16,700 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries | 1,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales returns | 5,200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Printing & stationery | 240 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sundry debtors | 31,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | 72,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent | 560 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carriage inwards | 390 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad debts | 160 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Postage & Telegram | 210 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Travelling expenses | 550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash at bank | 3,270 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages | 1,300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance | 220 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 13 | <p>A and B are contractors and they undertook a joint venture involving construction of a building. A joint bank account was opened in which A deposited Rs.75,000 and B deposited Rs.37,500. The contract price was Rs.3,75,000. The result of the joint venture was to be shared as 2:1.</p> <p>The details of the transactions were as follows: Wages paid – Rs.89,000 Material supplied by A Rs.13,500 Material supplied by B Rs.12,000 Material purchased Rs.1,65,000 Salaries Rs.12,000 Carriage Rs.18,500 Architect's fee paid by A Rs.10,000 Concrete Mixer plant purchased Rs.38,500 The stock of material on the completion of the contract valued at Rs.16,500 was taken over by A. Concrete Mixer plant was taken over by B for Rs.30,000. A was to be paid Rs.18,000 per annum against establishment expenses, to be charged to the joint venture account. Prepare Joint venture account, Joint bank account and Accounts of A and B.</p> | 3 | K3 | | | | | | | | | | | | | | |
|--|---|-------------|--------|--------------------------------|----------|---|----------|-------------------|----------|-------------------------------------|----------|---------------------|--------|---------------------|--------|---|----|
| <p>SECTION D (2x10=20) Answer any two Questions</p> | | | | | | | | | | | | | | | | | |
| 14 | <p>On 1st April 2022, machinery was purchased on Hire purchase system. The cash price of machinery was Rs.69,720. The amount payable was Rs.20,000 on signing the contract and Rs.20,000 annually for three years at the end of each year. The hire vendor has charged 10% interest per annum. The asset is depreciated at 10% p.a. under written down value method. Prepare the ledger in the books of both the parties.</p> | 4 | K4 | | | | | | | | | | | | | | |
| 15 | <p>The premises of Mrs. Pramila caught fire on 26th September 2018. From the given particulars, ascertain the loss of stock and prepare a claim for insurance.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>Purchases during the year 2017</td> <td style="text-align: right;">2,44,000</td> </tr> <tr> <td>Purchases from 01.01.2018 to 20.09.2018</td> <td style="text-align: right;">2,94,000</td> </tr> <tr> <td>Sales during 2017</td> <td style="text-align: right;">3,60,000</td> </tr> <tr> <td>Sales from 01.01.2018 to 26.09.2018</td> <td style="text-align: right;">3,00,000</td> </tr> <tr> <td>Stock on 01.01.2017</td> <td style="text-align: right;">61,200</td> </tr> <tr> <td>Stock on 31.12.2017</td> <td style="text-align: right;">54,000</td> </tr> </tbody> </table> <p>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.</p> | Particulars | Amount | Purchases during the year 2017 | 2,44,000 | Purchases from 01.01.2018 to 20.09.2018 | 2,94,000 | Sales during 2017 | 3,60,000 | Sales from 01.01.2018 to 26.09.2018 | 3,00,000 | Stock on 01.01.2017 | 61,200 | Stock on 31.12.2017 | 54,000 | 4 | K4 |
| Particulars | Amount | | | | | | | | | | | | | | | | |
| Purchases during the year 2017 | 2,44,000 | | | | | | | | | | | | | | | | |
| Purchases from 01.01.2018 to 20.09.2018 | 2,94,000 | | | | | | | | | | | | | | | | |
| Sales during 2017 | 3,60,000 | | | | | | | | | | | | | | | | |
| Sales from 01.01.2018 to 26.09.2018 | 3,00,000 | | | | | | | | | | | | | | | | |
| Stock on 01.01.2017 | 61,200 | | | | | | | | | | | | | | | | |
| Stock on 31.12.2017 | 54,000 | | | | | | | | | | | | | | | | |

| 16 | <p>The following are the balance sheets of M/s P & Q and M/s R & S as on 31.3.2020 on which date they decided to amalgamate their businesses:</p> <table border="1" data-bbox="332 304 1193 640"> <thead> <tr> <th>Liabilities</th> <th>P & Q</th> <th>R & S</th> <th>Assets</th> <th>P & Q</th> <th>R & S</th> </tr> </thead> <tbody> <tr> <td>Capitals</td> <td></td> <td></td> <td>Machinery</td> <td>18,000</td> <td>20,000</td> </tr> <tr> <td>P</td> <td>40,000</td> <td>-</td> <td>Furniture</td> <td>24,000</td> <td>6,000</td> </tr> <tr> <td>Q</td> <td>20,000</td> <td>-</td> <td>Investments</td> <td>8,000</td> <td>-</td> </tr> <tr> <td>R</td> <td>-</td> <td>30,000</td> <td>Stock</td> <td>16,000</td> <td>30,000</td> </tr> <tr> <td>S</td> <td>-</td> <td>30,000</td> <td>Debtors</td> <td>32,000</td> <td>14,000</td> </tr> <tr> <td>Reserve</td> <td>12,000</td> <td>-</td> <td>Cash</td> <td>2,000</td> <td>6,000</td> </tr> <tr> <td>Creditors</td> <td>28,000</td> <td>16,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>1,00,000</td> <td>76,000</td> <td>Total</td> <td>1,00,000</td> <td>76,000</td> </tr> </tbody> </table> <p>P and Q were sharing profits in the ratio of 3:2 and R and S equally. The terms of amalgamation were as follows:</p> <ol style="list-style-type: none"> The new firm was to take over all the assets and liabilities of both the firms. The assets of P and Q were valued as follows: Machinery: 20,000; stock: 12,000; Debtors 32,000, goodwill: 10,000. Furniture and investment at book value. The assets of R and S were valued as follows: Machinery: 24,000; stock: 28,000; Debtors 13,000, goodwill: 12,000. Furniture: 9,000. <p>Show the necessary closing entries and accounts in the books of the old firm.</p> | Liabilities | P & Q | R & S | Assets | P & Q | R & S | Capitals | | | Machinery | 18,000 | 20,000 | P | 40,000 | - | Furniture | 24,000 | 6,000 | Q | 20,000 | - | Investments | 8,000 | - | R | - | 30,000 | Stock | 16,000 | 30,000 | S | - | 30,000 | Debtors | 32,000 | 14,000 | Reserve | 12,000 | - | Cash | 2,000 | 6,000 | Creditors | 28,000 | 16,000 | | | | Total | 1,00,000 | 76,000 | Total | 1,00,000 | 76,000 | 4 | K4 |
|---|--|----------------------------|--------------|------------------------------|--------------|--------------------------|--------------|----------------------------|------------|---------------------------------------|--------------|---|--------------|---|--------------|---|-----------|--------|-------|---|--------|---|-------------|-------|---|---|---|--------|-------|--------|--------|---|---|--------|---------|--------|--------|---------|--------|---|------|-------|-------|-----------|--------|--------|--|--|--|-------|----------|--------|-------|----------|--------|---|----|
| Liabilities | P & Q | R & S | Assets | P & Q | R & S | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capitals | | | Machinery | 18,000 | 20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| P | 40,000 | - | Furniture | 24,000 | 6,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Q | 20,000 | - | Investments | 8,000 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| R | - | 30,000 | Stock | 16,000 | 30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S | - | 30,000 | Debtors | 32,000 | 14,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reserve | 12,000 | - | Cash | 2,000 | 6,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Creditors | 28,000 | 16,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1,00,000 | 76,000 | Total | 1,00,000 | 76,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>SECTION E (2x20=40) Answer any two Questions</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | <p>The premises of a company were destroyed by fire which took place on 1st March 2018, and as a result of which the business was disorganised from 1st March to 31st July 2018. Accounts are closed on 31st December every year. The company is insured under a loss of profits policy for Rs.7,50,000. The period of indemnity specified in the policy is 6 months. From the following information, you are required to compute the amount of claim under the loss of profit policy.</p> <table data-bbox="324 1522 1039 1848"> <tbody> <tr> <td>Turnover for the year 2017</td> <td>Rs.40,00,000</td> </tr> <tr> <td>Net profit for the year 2017</td> <td>Rs. 2,40,000</td> </tr> <tr> <td>Insured standing charges</td> <td>Rs. 4,80,000</td> </tr> <tr> <td>Uninsured standing charges</td> <td>Rs. 80,000</td> </tr> <tr> <td>Turnover during 1.3.2018 to 31.7.2018</td> <td>Rs. 8,00,000</td> </tr> <tr> <td>Standard turnover in the preceding year From 1.3.2017 to 31.7.2017</td> <td>Rs.20,00,000</td> </tr> <tr> <td>Annual turnover for the year immediately Preceding the fire from 1.3.2017 to 28.2.2018</td> <td>Rs.44,00,000</td> </tr> </tbody> </table> | Turnover for the year 2017 | Rs.40,00,000 | Net profit for the year 2017 | Rs. 2,40,000 | Insured standing charges | Rs. 4,80,000 | Uninsured standing charges | Rs. 80,000 | Turnover during 1.3.2018 to 31.7.2018 | Rs. 8,00,000 | Standard turnover in the preceding year From 1.3.2017 to 31.7.2017 | Rs.20,00,000 | Annual turnover for the year immediately Preceding the fire from 1.3.2017 to 28.2.2018 | Rs.44,00,000 | 5 | K5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Turnover for the year 2017 | Rs.40,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net profit for the year 2017 | Rs. 2,40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insured standing charges | Rs. 4,80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Uninsured standing charges | Rs. 80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Turnover during 1.3.2018 to 31.7.2018 | Rs. 8,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Standard turnover in the preceding year From 1.3.2017 to 31.7.2017 | Rs.20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Annual turnover for the year immediately Preceding the fire from 1.3.2017 to 28.2.2018 | Rs.44,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | <p>Increased cost of working Rs.1,50,000 Savings in insured standard charges Rs.30,000 Reduction in turnover avoided through increased working cost Rs.4,00,000 Owing to reason acceptable to the insurer, the special circumstance clause stipulates for:</p> <p>a. Increase of turnover (standard and annual) by 10%. b. Increase of rate of gross profit by 2%.</p> | | | | | | | | | | | | | | | | | | | | |
|------------------------|---|-------------|--------------|------------------------|----------|-----------------|--------|-----------|--------|-----------------|-------|------------------|--------|-------------------|----------|-------|----------|-----------------|-------|---|----|
| 18 | <p>The Royal Ltd. with its head office at Chennai, opened a branch at Madurai, on 1st January 2022 and invoices goods to the branch at a price 25% above cost. From the given data, prepare necessary accounts in the books of head office under stock and debtor system to ascertain Gross profit and Net profit of the Madurai branch.</p> <p>Goods sent to branch at invoice price Rs.45,000 Expenses of branch met by head office Rs. 7,200 Discount allowed Rs.50 Bad debts written off Rs.80 Cash sales Rs.21,000 Credit sales Rs.12,000 Stock on 31.12.2022 (Invoice price) Rs.11,800 Goods returned by the branch (invoice price) Rs.600 Goods returned by the debtors Rs.500</p> | 5 | K5 | | | | | | | | | | | | | | | | | | |
| 19 | <p>Kiran purchased four trucks for Rs.21,000 each on 1st January 2021. Rs.20,000 was paid as down payment and four instalments of Rs.20,000 each to be paid at the end of each year. Interest is charged at 10% p.a. Kiran depreciated the truck at 15% p.a. on WDV method. The accounts are closed on 31st December.</p> <p>Kiran, after making payment for first instalment, failed to pay second instalment and the vendor took possession of two trucks valuing them at 20% WDV. The vendor, after spending Rs.4,000 on repairs sold the trucks for Rs.30,000. Prepare ledger accounts in the books of both the parties.</p> | 5 | K5 | | | | | | | | | | | | | | | | | | |
| 20 | <p>From the following particulars extracted from the books of Thiru Somu, you are required to prepare the trading and profit & loss account for the year ended December 31,2018 and a Balance sheet as on that date, after making the necessary adjustments.</p> <table> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Somu's capital account</td> <td>2,08,000</td> </tr> <tr> <td>Somu's drawings</td> <td>12,000</td> </tr> <tr> <td>Purchases</td> <td>90,000</td> </tr> <tr> <td>Returns Inwards</td> <td>2,000</td> </tr> <tr> <td>Land & Buildings</td> <td>60,000</td> </tr> <tr> <td>Plant & Machinery</td> <td>1,00,000</td> </tr> <tr> <td>Sales</td> <td>2,10,000</td> </tr> <tr> <td>Return outwards</td> <td>1,000</td> </tr> </tbody> </table> | Particulars | Amount (Rs.) | Somu's capital account | 2,08,000 | Somu's drawings | 12,000 | Purchases | 90,000 | Returns Inwards | 2,000 | Land & Buildings | 60,000 | Plant & Machinery | 1,00,000 | Sales | 2,10,000 | Return outwards | 1,000 | 5 | K5 |
| Particulars | Amount (Rs.) | | | | | | | | | | | | | | | | | | | | |
| Somu's capital account | 2,08,000 | | | | | | | | | | | | | | | | | | | | |
| Somu's drawings | 12,000 | | | | | | | | | | | | | | | | | | | | |
| Purchases | 90,000 | | | | | | | | | | | | | | | | | | | | |
| Returns Inwards | 2,000 | | | | | | | | | | | | | | | | | | | | |
| Land & Buildings | 60,000 | | | | | | | | | | | | | | | | | | | | |
| Plant & Machinery | 1,00,000 | | | | | | | | | | | | | | | | | | | | |
| Sales | 2,10,000 | | | | | | | | | | | | | | | | | | | | |
| Return outwards | 1,000 | | | | | | | | | | | | | | | | | | | | |

| | | | |
|--------------------------------------|--------|--|--|
| Salaries | 12,000 | | |
| Office Expenses | 2,500 | | |
| Office furniture and Fixtures | 5,000 | | |
| Discount allowed | 1,200 | | |
| Sundry debtors | 26,600 | | |
| Investments | 40,000 | | |
| Cash at bank | 26,600 | | |
| Bills payable | 5,000 | | |
| Stock (1 st January 2017) | 35,000 | | |
| Wages | 32,000 | | |
| Sundry creditors | 40,000 | | |
| Postage and Telegrams | 1,400 | | |
| Insurance charges | 1,600 | | |
| Gas and Fuel | 2,700 | | |
| Bad debts | 600 | | |
| Office rent | 2,600 | | |
| Carriage inwards | 9,000 | | |
| Loose tools | 2,000 | | |
| Factory lighting | 1,600 | | |
| Provision for doubtful debts | 800 | | |
| Interest on Investments | 4,000 | | |
| Cash on hand | 2,400 | | |

Adjustments:

- Stock on December 31, 2018 was valued at Rs.66,000
- Wages Rs.1,600 and salaries Rs.600 were outstanding.
- Depreciate Plant and Machinery by 10%.
- Make a provision of 5% on sundry debtors for doubtful debts.
- Stock valued at Rs.1,500 was destroyed by fire on 25.12.2018 but the insurance company admitted a claim for Rs. 1000 only.
