

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

SUBJECT CODE : 11CM/MC/FA14
B.Com. DEGREE EXAMINATION NOVEMBER 2011
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 single entry? What are its features?
2. Write short notes on the following
 - a) Fixed assets
 - b) Fictitious assets
 - c) Contingent assets
3. Write any three differences between hire purchase system and installment purchase system.
4. What do you mean by branch accounting? Write any two features of dependent branches.
5. Write a short on 'Red-Ink interest'.
6. 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.
7. The Unitel mobile company opened a branch at Chennai on 1.1.2010. From the following particulars prepare Chennai Branch A/c for the year 2010.

	Rs.
Goods sent to Branch	40,000
Cash sent to Branch	16,000
Cash received from Branch	40,000
Stock on 31.12.2010	5,000
Petty cash in hand	10
8. Mrs.Madhu purchases a car on hire purchase system. The total cash price of the car is Rs. 15,980, payable Rs.4,000 down and in three installments of Rs. 6,000, Rs.5,000 and Rs. 2,000 payable at the end of the first, second and third years respectively. Interest is charged at 5% per annum. Calculate the interest amount paid by the hirer each year.

9. How will the following adjustment appear in the Profit & Loss A/c and Balance sheet as on 31.12.2010?

Sundry debtors	Rs.21,000
Bad debts to be written off	Rs.1,000
Provide @ 5% provision for Bad and Doubtful debts and @ 2% provision for discount on Debtors.	

10. From the following prepare a statement of affairs showing the profit made during the year.

Capital at the beginning of the year	Rs. 10, 00,000
Drawings during the year	Rs. 5, 00,000
Capital at the end of the year	Rs. 3, 00,000
Capital introduced during the year	Rs. 5, 00,000

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Mr.Raja started business on 1.4.2010 with a capital of Rs. 50,000 and bought furniture for Rs. 10,000. On 30.9.2010, he borrowed Rs. 25,000 from his wife at 9%p.a.(Interest not yet paid) and introduced additional capital Rs. 7,500. He withdrew Rs.1,500 per month from business for his household purposes. On 31.3.2011, his position was as follows.

Cash in hand	Rs. 1,000
Cash at bank	Rs. 13,000
Sundry Debtors	Rs. 24,000
Stock	Rs. 34,000
Bills Receivable	Rs. 8,000
Sundry Creditors	Rs. 2,500
Rent due	Rs. 750

Furniture to be depreciated by 10%. Compute his profit for the year 2010-2011.

12. Pass necessary adjustment entries for the following adjustments

- Depreciation at 10% is to be charged on machinery standing in the books at Rs. 2,00,000
- Insurance unexpired Rs. 500
- Provide provision for Doubtful Debts at 2% on sundry debtors worth Rs.40,000
- Interest accrued on investments Rs. 800
- Provide 10% interest on capital of Rs. 2,00,000
- Interest charged on drawings Rs. 500
- The proprietor has withdrawn goods worth Rs. 400 from stock.
- Goods in stock worth Rs. 10,000 are destroyed by fire. Insurance company accepts the claim of Rs. 5,000

13. Mr. Jaifrin purchased 4 cars for Rs.14,000 each on 1.1.2010 under the hire purchase system. The hire purchase price for all the 4 cars was Rs. 60,000 to be paid as Rs. 15,000 down payment and 3 equal installments of Rs. 15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a on straight line method.

From the above particulars prepare the necessary accounts in the books of Hire purchaser and Hire Vendor.

14. A Head office at Chennai invoices goods to its branch at Bangalore at cost, and the branch sells the goods not only for cash but also on credit. The expenses of the branch are paid by the head office. From the following particulars relating to the branch opened on 1.1.2010, prepare the necessary accounts under stock and debtors system in the head office books.

Particulars	Rs.	Particulars	Rs.
Goods sent to branch at cost	10,000	Credit sales	10,400
Goods returned by branch at cost	600	Discount allowed to customers	360
Expenses paid by the head office	2,000	Cash sales	500
Remittance from branch	8,400	Branch stock (31.12.2010)	3,400
Receipts from debtors	600	Branch debtors (31.12.2010)	1,540

15. 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.

16. Pallava owes Rs.10,000 to Suman on 01.01.2009. Prepare an Account Current, which Suman prepares and sends to Pallava for a period up to 30.06.2009, Charging interest @ 6% p.a.

Date	Particulars	Rs.
1.1.2009	Goods sold to Pallava	1,000
15.1.2009	Cash received from Pallava	2,000
20.1.2009	Goods sold on one month credit to Pallava	1,500
5.2.2009	Three months acceptance received from Pallava	2,500
4.3.2009	Purchases from Pallava	2,000
10.4.2009	Goods sold to Pallava	1,000
7.5.2009	Goods sold to Pallava	1,700
9.6.2009	Cash received from Pallava	1,500
15.6.2009	Cash received from Pallava	1,200

17. From the following Trial Balance of Janaki & Co. for the year ending 31.12.2010, prepare Trading and Profit & Loss Account for the year ended 31.12.2010.

Particulars	Debit Rs.	Credit Rs.
Stock as on 1.1.2010	5,840	-
Cash in hand	192	-
Drawings	2,840	-
Rent	480	-
Machinery	3,800	-
Tax	600	-
Provision for bad debts	-	420
Bad debts	888	-
Capital	-	17,000
Interest	-	320
General Expenses	1760	-
Bank overdraft	-	960
Purchases	41,448	-
Debtors	16,800	-
Sales	-	47,624
Creditors	-	8,000
Sales return	840	-
Purchase return	-	1,164
	<u>75,488</u>	<u>75,488</u>

Adjustments:

- a) Depreciation on Machinery @ 10% p.a.
- b) Rent outstanding Rs. 500
- c) Tax prepaid Rs. 100
- d) Provision for bad debts is to be increased to 5% on debtors.
- e) Closing stock Rs.3,500.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. From the following Trial Balance of Mrs.Revathi, prepare Trading and Profit & Loss A/c for the year ended 31st March 2011 and a Balance Sheet as on that date.

Particulars	Debit Rs.	Credit Rs.
Revathi's capital	-	71,000
Cash in hand	3,900	-
Purchases and sales	41,000	98,800
Returns	600	500
Productive wages	10,500	-
Power and fuel	4,000	-
Salary and wages	15,000	-
Carriage outward	3,200	-
Carriage inward	2,000	-

Opening Stock	5,800	-
Building	40,000	-
Plant & Machinery	20,000	-
Furniture	7,500	-
Debtors and Creditors	14,500	6,300
General expenses	3,000	-
Insurance	600	-
Drawings	5,000	-
	<u>1,76,600</u>	<u>1,76,600</u>

Adjustments:

- i) Charge 5% interest on Drawings.
- ii) Goods purchased worth Rs. 5,000 were received and included in closing stock but were not entered in purchases book.
- iii) Prepaid insurance amounted to Rs. 170.
- iv) Salaries and advertisement bill are outstanding to the extent of Rs. 500 and Rs. 1,000 respectively.
- v) Building, machinery and furniture are to be depreciated by Rs.2,000, Rs.3,000 and Rs.1,500 respectively.
- vi) Stock on 31st March 2011 was valued at Rs.7,000.

19. On 1.1.2010 Vetrivel Transport company purchased from Ashok Motors five trucks costing Rs.40,000 each on the hire purchase system. It was agreed that Rs. 50,000 should be paid immediately and the balance in three instalments of Rs. 60,000 each at the end of each year. The Ashok Motors charges interest @ 10% p.a. The buyer depreciates trucks at 20% p.a. on the diminishing balance method. The buyer paid cash down and two instalments but failed to pay the last instalment. Consequently, the Ashok Motors repossessed three trucks leaving two trucks with the buyer and adjusting the value of 3 trucks against the amount due. The trucks repossessed were valued on the basis of 30% depreciation p.a. on the written down value. The trucks repossessed were sold by Ashok Motors for Rs. 60,000 after necessary repairs amounting to Rs. 10,000. Open the necessary ledger accounts in the books of both the parties.

20. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

Stock on 1.1.2010 (Invoice price) Rs. 27,900

Debtors on 1.1.2010 Rs.20,400

Goods invoiced to the branch (invoice price) Rs. 1,53,000

Cash sales Rs. 75,000

Credit sales Rs. 93,000

Cash collected from debtors Rs. 91,200

Goods returned by debtors Rs. 3,600

Goods returned to H.O. by branch Rs.4,500

Shortage of stock Rs. 1,350

Discount allowed Rs. 600

Expenses at the branch Rs. 16,200

Bad debts Rs. 600

21. From the following details, prepare Trading and Profit & Loss A/c and Balance Sheet.

Particulars	As on 1.1.2010	As on 31.12.2010
	Rs.	Rs.
Creditors	37,500	43,750
Furniture	2,500	2,500
Cash	6,250	10,000
Debtors	62,500	87,500
Stock	25,000	12,500

Other details:

Drawings Rs. 10,000; Bad debts Rs.1,250; Discount received Rs.3,750; Discount allowed Rs.2,500; Sundry expenses Rs. 7,500; Payment to creditors Rs. 1,12,500; Collection from debtors Rs. 1,33,750; Sales returns Rs. 3,750; Purchase returns Rs. 1,250; Charge 5% depreciation on furniture.

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