

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015–16 and thereafter)

SUBJECT CODE: 15CM/MC/FA15

B.Com. / B.Com.(C.S) DEGREE EXAMINATION NOVEMBER 2016
COMMERCE
CORPORATE SECRETARYSHIP
FIRST SEMESTER

COURSE : MAJOR – CORE
PAPER : FINANCIAL ACCOUNTING
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ALL QUESTIONS:

(10 x 2 = 20)

1. What is the objective of IND AS–1?
2. Calculate gross profit and cost of goods sold from the following information:
Net sales - Rs.2,00,000 , Gross profit is 25 % on cost.
3. What is an average clause in a fire insurance policy?
4. Goods of Rs.80, 000 of M/s Raju and Sons are insured for Rs.70, 000 subject to average clause. Loss due to fire is assessed at Rs.16, 000. Calculate what claim the insured will get from the insurers.
5. What is down payment and what is the entry in the books of Hire Vendor for down payment?
6. What do you understand by Red Ink Interest?
7. What is Branch adjustment account?
8. From the following particulars, calculate closing branch debtors balance.

Branch Debtors (1-1-2008)	6,300
Credit sales	39,000
Cash received from debtors	41,200

9. Calculate the cash price of a machine:
Down payment Rs. 10,000
4 annual instalments at the end of each year Rs. 10,000
Rate of interest @ 5% p.a.
10. Rs.10,000 lent by Ram Mohan to Shyam Mohan on 1st Jan 2006 is payable in 5 equal instalments commencing from 1st Jan 2009. Calculate average due date.

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. The provision for bad and doubtful debts account shows a balance of Rs.2,000 on 1st Jan 2014. The bad debts during the year 2014 amount to Rs.1,600. The sundry debtors on 31st Dec 2014 are Rs.32,000. Create a new provision for bad debts @ 5%. Show the Provision for bad & doubtful a/c and show how these items would appear in profit and loss account and balance sheet.

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12. A fire occurred in the premises of Mr. Dheenadayalan on 15th August 2015. A large part of the stock was destroyed and Rs.7,500 was realised for the salvage. For the period from 1st January 2015 to 15th August 2015, the following information is available:
- Purchases amounted to Rs.42,500
 - Sales amounted to Rs.45,000
 - Stock on hand on 1st January 2015 was Rs.20,000 at cost price.
 - Goods costing Rs.2,500 were taken by Dheenadayalan for his personal use. The previous accounts reveal that the rate of gross profit was $33\frac{1}{3}\%$ on sale. The insurance policy was for Rs.25,000 and include an average clause. Prepare the statement of claim to be made on the insurance company.
13. (a) X purchased a typewriter on hire-purchase system. As per the terms, he is required to pay Rs.800 down, Rs.400 at the end of the first year, Rs.300 at the end of the second year and Rs.700 at the end of the third year. Interest is charged at 5 % p.a. Calculate the total cash price of the typewriter and the amount of interest payable on each instalment.
- (b) On 1-1-90 X bought some trucks under hire-purchase system for Rs.51,000 payable by three equal instalments combining principal and interest, the latter being a normal rate of 5% per annum. Calculate the cash price (the present value of an annuity of one rupee for the three years at 5% is Rs.2.72325).

14. Thiru. Rahuvaran involved in the following transactions with Sugumar in the year 2008:

		Rs.
01.07.2008	Balance payable by Sugumar	900
15.07.2008	Sold to Sugumar	2,850
10.08.2008	Cash received from Sugumar	1,650
19.08.2008	Purchases from Sugumar	1,050
03.09.2008	Goods returned to Sugumar	450
16.09.2008	Cash received from Sugumar	750

Prepare the Account Current, which Rahuvaran prepares and sent to Sugumar as on 30.09.2008. Calculate interest @ 10% p.a.

15. From the following particulars relating to Hyderabad branch for the year ended 31.12.2010, prepare branch a/c in the head office books;

Stock at the branch on 1.1.2010	15,000
Debtors at the branch on 1.1.2010	30,000
Petty cash at the branch on 1.1.2010	300
Goods sent to branch during 2010	2,25,000
Cash sales 2010	60,000
Received from debtors	2,10,000
Credit sales during 2010	2,28,000
Cheques sent to branch :	
For salaries	9,000
For rent and rates	1,500
For petty cash	1,100
Stock at the branch on 31.12.2010	25,000
Petty cash 31.12.2010	200
Goods returned by the branch	2,000
Debtors 31.12.2010	48,000

16. A company has two departments A and B: Dept A supplies goods to Dept B at its usual selling price. From the following figures prepare departmental trading a/c for the year 2015.

Particulars	Department A	Department B
Opening stock 1.1.2015	30,000	-
Purchases	2,10,000	-
Transfer to B	50,000	50,000
Sales	2,00,000	60,000
Closing stock 31.12.2015	40,000	10,000

17. X owes Y the following sums of money due on the dates stated:

Rs.400 due on 5th Jan,2000

Rs.200 due on 20th Jan,2000

Rs.800 due on 4th Feb,2000

Rs.100 due on 26th Mar,2000

Calculate such a date when payment may be made by X in one instalment resulting in no loss of interest to either party.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. The following figures have been extracted from the records of Fancy stores, a sole proprietary concern as at 31st Dec 2015.

Furniture	1,50,000	Insurance	60,000
Capital	5,40,000	Rent	2,20,000
Cash in hand	30,000	Sundry debtors	6,60,000
Opening stock	5,00,000	Sales	60,00,000
Fixed deposits	13,46,000	advertisement	1,00,000
Drawings	50,000	Postage and telephone	34,000
Provision for bad debts	30,000	Bad debts	20,000
Cash at bank	1,00,000	Printing and stationery	90,000
Purchases	30,00,000	General charges	1,30,000
Salaries	1,90,000	Sundry creditors	4,00,000
Carriage inwards	4,10,000	Deposits from customers	60,000

Prepare trading and profit and loss account and balance sheet after taking into consideration the following further information:

- The closing stock as on 31-12-2015 was Rs.1,00,000.
- A sale of Rs.2,50,000 made for cash had been credited to the purchases a/c.
- Salary of Rs.20,000 paid to an employee had been entered in the cash book bank column as Rs.10,000.
- Charge depreciation on furniture at 10%.
- A sum of Rs.1,00,000 received from a party which had purchased some stocks belonging to a separate business of the proprietor was credited to the sundry debtors a/c.
- There was an outstanding liability for rent of Rs.20,000.
- An advance of Rs.10,000 paid to an employee against his salary of Jan 2016 had been debited to the salary A/C.
- The office premises were sublet from Dec 2015 for a monthly rental of Rs.10,000 but the rent for December has not yet been received.

19. On 15.06.2010, the premises of a concern were destroyed by fire: but sufficient records were saved from which the following particulars were obtained:

Stock at cost 31.12.2009	39,800
Stock at cost 1.1.2009	36,750
Purchases for 2009	1,99,000
Sales for 2009	2,43,500
Purchases from 1.1.2010. to 15.06.2010	81,000
Sales from 1.1.2010 to 15.06.2010	1,15,600

In valuing stock on 31.12.2009 Rs.1,150 had been written off certain stock which was a poor selling line, having cost Rs.3,450 . A portion of these goods was sold in March 2010 at a loss of Rs.100 on their original cost of Rs.1,725. The remainder of this stock was now estimated to be worth 80% of the original cost. Subject to the above explanation, gross profit had remained at an uniform rate throughout. The stock salvaged was Rs.2,900. Show the amount of the claim.

20. Knight purchased a truck for Rs.1,60,000 from S.Waugh on 1.1.2003 payment to be made Rs.40,000 down and Rs.46,000 at the end of the first year, Rs.44,000 at the end of the second year and Rs.42,000 at the end of the third year. Interest was charged at 5 %. Knight depreciates the truck at 10% per annum on written down value method. Knight, after having paid down payment and first instalment at the end of the first year, could not pay second instalment. 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 journal entries and ledger accounts in the books of both the parties.
21. A firm had two departments, cloth and readymade garments. The garments 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 and loss account for the year ended 31.03.2016.

Particulars	Cloth department	Readymade department
Opening stock on 1.4.2015	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments dept.	3,00,000	-
Expenses - manufacturing	-	60,000
Expenses – selling	20,000	6,000
Stock 31.03.2016	2,00,000	60,000

The stock in the readymade garments department may be considered as consisting of 75% cloth and 25% other expenses. The cloth department earned gross profit at 15% in 2014-2015. General expenses of the business as a whole came to Rs.1,10,000.
