

**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 2018**  
**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 average clause under Fire insurance?
2. List out any two differences between Capital and Revenue Expenditure.
3. Write a note on IFRS.
4. What is the objective of IndAS- 18?
5. Write a note on Goods-in-transit and Cash-in-transit.
6. Apportion the following expenses on the basis of cost of goods sold ratio among the four departments, A,B,C,D.  
Sales (Rs.) : A : 2,00,000 ; B : 1,50,000 ; C : 1,00,000 ; D : 50,000.  
G.P Ratio : 20% on sales.  
Expenses : Salaries Rs.6,000 ; Rent & Rates Rs.1,500 ; Insurance Rs.1,300.
7. X purchased machinery under hire purchase agreement from Y. The cash price of the machinery was Rs.15,500. The payment was to be made as follows:

On signing the agreement	3,000
First year end	5,000
Second year end	5,000
Third year end	5,000

Calculate interest for each year.

8. From the following particulars, calculate closing branch debtors balance:

Branch Debtors	6,300
Credit Sales	39,000
Cash received from debtors	41,200

9. Ascertain the amount of claim under average clause from the following information:

Sum insured	2,60,000
G.P on the preceding 12 month's sale	3,12,000
Total loss of profit	58,400

10. Calculate gross profit and cost of goods sold from the following information:

Net Sales Rs.2,00,000.

Gross Profit is 25% on cost.

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS:**

**(5 x 8 = 40)**

11. The Bundi Shoes Ltd. Bundi is having its branch at Ajmer. Goods are invoiced to the branch at 20% on sale. Branch has been instructed to send all cash daily to the head office. All expenses are paid by the head office except petty expenses which are met by the branch manager. From the following particulars prepare branch A/c in the books of Bundi Shoes Ltd.

	Rs.		Rs.
Stock on 1-1-95 (invoice price)	15,000	Expenses paid by H.O:	
Sundry debtors on 1-1-95	9,000	Rent	1,200

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Cash in hand on 1-1-95	400	Salary		2,400	
Office furniture on 1-1-95	1,200	Stationary & Printing		300	
Discount allowed to Debtors	30	Goods returned to H.O		1,000	
Goods invoiced from the Head office		Goods returned Debtors		480	
(Invoice Price)					
Cash Sales	50,000	Cash received from Debtors		30,000	
Credit Sales	30,000	Petty expenses paid by branch		280	
Sale of Gunny bags	200	Stock on 31-12-95 (Invoice Price)		14,000	
Depreciation is to be provided on branch furniture at 10% p.a.					

12. 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 31-3-94.

	Cloth Dept. Rs.	Readymade Dept. Rs.
Opening stock on 1-4-93	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
– Selling	20,000	6,000
Stock as on 31-3-94	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 @ 15% in 1992-93. General expenses of the business as a whole came to Rs.1,10,000.

13. Mr. Anbu purchased a machine by hire purchase system for Rs.30,000 to be paid as follows:

	Rs.
Down payment	5,000
At the end of the first year	7,000
At the end of the second year	6,500
At the end of the third year	6,000
At the end of the fourth year	5,500

Interest is charged on the value at 10% p.a. At what value should the machine be capitalized?

14. A fire occurred in the business premises of Thiru. Ponnusamy on 15-10-89. From the following particulars ascertain the loss of stock and prepare a claim for insurance:

	Rs.
Stock on 01-01-88	30,600
Purchases during 1988	1,22,000
Sales during 1988	1,80,000
Stock as on 31-12-88	27,000
Purchases from 1-1-89 to 14-10-89	1,47,000
Sales from 1-1-89 to 14-10-89	1,50,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.18,000.

15. A fire occurred in the premises of Ganesh Flour Ltd., on 1-5-89. The company had a loss of profit policy for Rs.2,40,000. Sales from 1-5-1988 to 30-4-1989 were Rs.20,00,000, the sales from 1-5-1988 to 31-8-1988 being Rs.6,00,000. During the

indemnity period, which lasted four months, sales amounted to only Rs.80,000. The company made up its accounts to 31<sup>st</sup> December. The profit & loss account for 1988 is given below:

Profit & Loss Account			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	2,00,000	By Sales	19,00,000
To Purchases	12,00,000	By Closing Stock	1,00,000
To Manufacturing Expenses	1,34,000		
To Variable Selling Expenses	1,81,000		
To Fixed Expenses	1,45,000		
To Net Profit	1,40,000		
	20,00,000		20,00,000

Comparing the sales of the first four months of 1989 with those of 1988, it was found that the sales were 20% higher in 1989. Calculate the loss of profit and the claim to be made.

16. Kannan purchased goods from Raman, the due dates for payment in cash being as follows:

	Rupees	
March 15	1,000	Due 18 <sup>th</sup> April
April 21	1,500	Due 24 <sup>th</sup> May
April 27	500	Due 30 <sup>th</sup> June
May 15	600	Due 18 <sup>th</sup> July

Raman agreed to draw a bill for the total amount due on the average due date. Ascertain the date.

17. Balaji had the following transactions with Ganesan.

Date	Particulars	Rupees
1995 January 20	Sold goods to Ganesan	400
March 2	Purchased goods from Ganesan	250
March 3	Accepted Ganesan,s draft at 1 month due	200
April 11	Cash paid to Ganesan	400
April 30	Goods sold to Ganesan due end of May	100
May 11	Bought goods from Ganesan	300
June 11	Balaji drew a bill on Ganesan this day. Payable two months after date, and this was duly accepted by Ganesan	300

Prepare an Account current to be rendered by Balaji to Ganesan as at 30<sup>th</sup> June, bringing interest into account at 20% p.a.

### SECTION – C

#### ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. Prepare Trading & Profit and Loss Account and Balance Sheet as on 31<sup>st</sup> March 1994.

Particulars	Rs.	Particulars	Rs.
S.Chandra's Capital A/c	1,19,400	Manufacturing Wages	40,970
S.Chandra's Drawings A/c	10,550	Sales	3,56,430
Sundry Creditors	59,630	Return Inwards	2,780
6% Loan A/c (Credit)	20,000	Salaries	11,000
Cash in Hand	3,030	Rent & Taxes	5,620
Cash at Bank	18,970	Interest & Discount (Dr.)	5,870
Sundry debtors (including Kalpana for dishonored bill of Rs. 1,000 )	62,000	Travelling Expenses	1,880

Bills Receivables	9,500	Repairs & Renewals	3,370
Provision for doubtful debts	2,500	Insurance (including premium of Rs.300 p.a. paid up to 30 <sup>th</sup> Sep.1994)	400
Fixtures & Fittings	8,970	Bad Debts	3,620
Stock 1 <sup>st</sup> April 1993	89,680	Commission received	5,640
Purchases	2,56,590	Plant & Machinery	28,800

Adjustments:

1. Stock on hand on 31<sup>st</sup> March 1994 was Rs.1,28,960.
2. Write off half of Kalpana's dishonored bill.
3. Create a provision of 5% on Sundry Debtors.
4. Charge 5% interest on Capital.
5. Manufacturing wages include Rs.1,200 for erection of new machinery purchased last year.
6. Depreciate plant & machinery by 5% and fixtures and fittings by 10% p.a.
7. Commission earned but not received amount to Rs.600.
8. Interest on loan for the last two months is not paid.
19. Shri. Sha has a retail branch in Allahabad. Goods are sent by the Head Office to the branch at selling price which is cost plus 25%. All the expenses of the branch are paid by the Head Office. All cash collected by the branch from customers and from cash sales is remitted to the credit of H.O. From the following particulars of the branch. Prepare Branch A/c, Branch Debtors A/c and Branch P&L A/c.

	Rs.		Rs.
Debtors on 1-1-86	12,000	Total amount deposited in the H.O A/c	1,27,000
Debtors on 31-12-86	14,000	Return of goods to H.O (Invoice price)	5,000
Inventory on 1-1-86 (Invoice price)	16,000	Salaries paid	6,000
Cash Sales	60,000	Discount allowed to customers	2,000
Bad debts written off	1,000	Spoilage	2,000

20. Mehta Ram of Ram Nagar purchased goods for his three departments as follows:

Dept. X	200 units	Total cost Rs. 5,100
Dept. Y	1,400 units	
Dept. Z	400 units	

Sales of the three department were as follows.

- Dept. X – 180 units @ Rs. 15 per unit.  
 Dept. Y – 1,500 units @ Rs. 18 per unit.  
 Dept. Z – 450 units @ Rs. 6 per unit.

Other information about stock in the beginning was as follows:

- Dept. X -- 100 units.  
 Dept. Y – 400 units.  
 Dept. Z – 60 units.

Mehta Ram informs you that the rate of gross profit is the same in all departments. You are required to prepare Departmental Trading A/c.

21. On 1-1-90 National Transport Company purchased from Metro 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 installments of Rs. 60,000 each at the end of each year. The Metro 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 the two installments but failed to pay the last installment. Consequently, the Metro Motors repossessed three trucks against the amount due. The trucks repossessed at were valued on the basis of 30% depreciation p.a. on the written down value. The trucks repossessed were sold by Metro 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.

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