



THE AMERICAN COLLEGE, MADURAI
(An Autonomous Institution Affiliated to Madurai Kamaraj University)
Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale
Backlog Arrear Examination, March 2021

CMC 1536/1422/CIT 1504

FINANCIAL ACCOUNTING II

Duration: 3 Hrs.

Marks: 75

Answer any FIVE of the following:

(5 x 15 = 75)

1. Given below is the Receipts & Payments A/c of Trichy club for the year ending 31st Dec 1991:

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,025	By Salaries	600
To Subscriptions:		By Expenses	75
1990	40	By Drama expenses	450
1991	2,050	By Newspapers	150
1992	60	By Municipal taxes	40
To Donations	540	By Charity	350
To Sale of drama tickets	950	By Investments	2,000
To Sale of waste paper	45	By Electricity charges	145
		By Balance c/d	900
	4,710		4,710

Prepare the club's Income & Expenditure A/c for the year ended 31st Dec 91 and its Balance sheet as on that date after taking the following information into account:

- There are 500 members each paying an annual subscription of Rs.5 p.a., Rs.50 being in arrears for 1990
- Municipal taxes amounting Rs.40 p.a. have been paid upto 31st March, 1992: Rs.50 for salaries is outstanding
- Buildings stand in the book at Rs.5,000
- 6% interest has accrued on investments for five months.
- Donations are capitalized.

2. From the following information, prepare trading and profit and loss account in columnar form:

	Tailoring	Ladies wear	Outfitting
Stock Jan 1, 1989	41,280	33,975	93,721
Stock Dec 31, 1989	32,840	43,828	81,626
Purchases	2,10,342	75,296	1,39,109
Purchase return	14,382	5,629	1,823
Sales	4,00,173	1,54,085	3,62,189
Sales return	Nil	3,259	11,217
Wages	72,823	30,084	24,613

Goods were transferred as follows (all at cost):

Tailoring to ladies wear Rs.389 and to outfitting Rs.6,679; ladies wear to tailoring Rs.5,315; outfitting to tailoring Rs.4,271 and to ladies wear Rs.5,801. Apportion equally, stationery Rs.921, Postage Rs.663, General charges Rs.39,627, Insurance Rs.1,785 and Depreciation Rs.5,460.

3. Madras Traders Ltd. has a branch at Meerut. Goods are invoiced to the branch at cost plus 20%. Meerut branch also makes local purchases which are paid for by Madras head office. Meerut branch remits all cash collected daily to head office and all expenses are directly paid by head office except for a petty cash account maintained by the branch for which periodical transfers are made from head office. From the following details, ascertain the branch profit as shown by the branch account in the head office books:

Petty cash balance:		
1-1-1985		200
31-12-1985		185
Debtors:		
1-1-1985		?
31-12-1985		2,500
Stock (1-1-1985):		
Transfer from head office at invoice price	2,400	
Direct purchases by branch	1,600	4,000
Cash sales		4,500
Credit sales		13,000
Direct purchases		4,500
Customers' returns		300
Goods from H.O. at invoice price		6,000
Transfer from H.O. for petty cash expenses		250
Bad debts		100
Discount to customers		200
Cash from customers		12,500
Branch expenses		3,000
Stock (31-12-1985):		
Transfer from head office at invoice price	1,800	
Direct purchases by branch	1,200	3,000

4. On 1st April 1991 Goodworth & co. purchased a machine from Visal industries on hire purchase basis. The cash price of the machine was Rs.25,000. The payment was to be made Rs.5,000 on the date of contract and the balance in 4 installments of Rs.5,000 plus interest at 5% p.a. payable on 31st Dec each year, the first installment being payable on 31-12-1991. Ascertain interest payable with each installment.

5. The Bengal mines co. ltd., took from Mr.Dass a lease of a mine for a period of 25 years from 1-1-86, on a royalty of Rs.5 per tonne of mineral raised with dead rent of Rs.20,000 and power to recoup shortworkings during the first five years of the lease. The annual outputs were as follows:

1986	2000 tonnes
1987	3000 tonnes
1988	4000 tonnes
1989	4500 tonnes
1990	5000 tonnes

Give Journal entries in the books of the Bengal mines company.

6. The following information is given by Balan, a merchant, for the year ended 31-12-1996:

Sales: Dept I	70,000	Purchases: Dept I	43,000
Dept II	30,000	Dept II	25,000
Stock (1-1-96): Dept I	3,400	Salary	5,400
Dept II	1,100	Commission	2,200
Debtors	23,000	Advertisement	5,800
Office furniture	1,080	Bank charges	120
Rent	1,800	Stationery	2,700
Insurance	2,400	Wages	10,000

Provide depreciation at 10% on furniture. Bad debts Rs.300. Create 10% provision for discount on debtors. Stock position on 31-12-1996: Dept I Rs.4,000; Dept II Rs.1,680.

From the above information, prepare the departmental Trading, P&L A/c. Expenses are allocated on the basis of sales.

7. List down the differences between Hire purchase and Installment purchase system.
