



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – APRIL 2022

UCO 1301 – BUSINESS ACCOUNTING

Date: 16-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION – A

Answer **ALL** the Questions

(10 X 2= 20 Marks)

1. State the golden rules for passing journal entries.
2. Give Examples for Current Assets
3. What is 'prepaid expenses'?
4. What is the need of preparing a Balance Sheet?
5. Mention the modes of expression of ratios.
6. State any two advantages of ratio analysis.
7. List out the factory overheads.
8. Bring out the objectives of cost sheet.
9. Define Marginal Cost.
10. What is Angle of Incidence?

SECTION - B

Answer any **FOUR** questions

(4 X 10 = 40 Marks)

- 11 Journalise the following transactions in the books of Rishon & Co.

2020		Rs.
June 1	Started business with a capital of	60,000
2	Paid into Bank	30,000
4	Purchased goods from Rajan on credit	10,000
6	Cash paid to Shriram	4,920
6	Discount allowed by him	80
8	Cash Sales	20,000
12	Goods sold to Haneefa on credit	5,000
15	Purchased goods from Bharat on credit	7,500
18	Paid Salaries	4,000
20	Cash received from Benito	2,480

12 The following is the Balance Sheet of a company as on 31st March:

Liabilities	Rs.	Assets	Rs.
Share capital	200000	Land & Buildings	140000
Profit & Loss account	30,000	Plant & Machinery	350000
General reserve	40,000	Stock	200000
12% debentures	420000	Sundry debtors	100000
Sundry creditors	100000	Bills receivable	10,000
Bills payable	50,000	Cash at bank	40,000
	840000		840000

Calculate:

- | | |
|------------------------------------|--------------------------|
| a) Current Ratio | b) Quick Ratio |
| c) Inventory to Working Capital | d) Debt to Equity Ratio |
| e) Proprietary Ratio | f) Capital Gearing Ratio |
| g) Current Assets to Fixed Assets. | |

13 From the following information, Calculate:

- a) Break -Even Point
 b) Number of Units that must be sold to earn a net income on 10% on sales.
- | | |
|---------------|------------------|
| Sales Price | - Rs 20 per unit |
| Variable Cost | - Rs 14 per unit |
| Fixed Cost | - Rs 79200 |

14 Calculate (i) Prime Cost (ii) Factory Cost (iii) Cost of Production (iv) Cost of sales (v) profit from the following particulars.

	Rs
Direct Material	1,00,000
Direct wages	25,000
Direct Expenses	5,000
Wages of foremen	2,500
Electric Power	500
Lighting:	
Factory	1,500
Office	500
Rent:	
Factory	5,000
Office	2,500
Salaries to salesmen	1,250
Advertising	1,250
Income tax	10,000
Sales	1,89,500

15 The Following balances were extracted from the books of prasad on 31st March 2017

	Rs		Rs
Capital	50000	Creditors	5000
Drawings	4000	Bad Debts	1100
General expenses	5000	Loan	15760
Buildings	22000	Sales	130720
Machinery	18680	Purchases	94000
Stock	32400	Motor car	4000
Power	4480	Reserve Fund (Cr)	1800

Taxes and Insurance	2630	Commission (Cr)	2640
Wages	14400	Car Expenses	3600
Debtors	12560	Bills payable	6700
Bank Overdraft	6600	Cash	160
Charity	210		

Stock on 31st March 2017 valued at Rs 47000. Prepare the Final Accounts.

- 16 From the following balances of Shri Ram Chander's ledger prepare a Trial Balance as on 31st Dec., 2019

	Rs		Rs
Building	5,000	Bank (cr.)	10,000
Bills payable	4,000	Insurance	400
Capital	50,000	Sales Returns (Dr.)	10,000
Investment	5,200	Bills Receivable	4,800
Purchases	90,000	Stock	25,000
Printing & Stationery	1000	Commission (cr.)	600
Sales	1,00,000	Rent	800
Cash in Hand	6,500	Int. Receivable	200
Purchase Returns (cr.)	8,000	Salary payable	1,200
Plant & Machinery	11,000	Carriage	3,000
Salary	1,500	Creditors	11,000
Drawings	5,000	Advertisement	600
Debtors	15,200		

- 17 Manali Corporation Ltd., has prepared the following budget estimates for the year 2018-2019:

Sales units	-	15,000
Fixed Expenses	-	Rs.34,000
Sales Value	-	Rs.1,50,000
Variable Costs	-	Rs.6 per unit.

You are required to:

- Find P/V Ratio, B.E.P. and Margin of Safety
- Calculate the revised P/V Ratio, B.E.P. and Margin of Safety in each of the following cases.
 - Decrease of 10% in selling price
 - Increase of 10% in variable costs.

SECTION C

Answer any **TWO** questions

(2 X 20 = 40)

- 18 From the following details Prepare Final Accounts for the year ended 31.3.2020.

Particulars	Rs.	Particulars	Rs.
Capital	1,00,000	Furniture	15,000
Cash in hand	1,200	Sales	2,00,200
Purchases	1,20,000	Bills receivable	20,000
Bills payable	22,000	Rent and taxes	10,000
Stock (1-4-2018)	35,000	Wages	16,000
Debtors	50,000	Reserve for bad debts	1,000
Creditors	24,000	Salaries	20,000
Plant & Machinery	60,000		

Additional Information:

- Stock on hand on 31.3.2020 Rs.40,000
- Outstanding Rent Rs.2,000; Wages Rs.3,000; Salaries Rs.4,000.
- Provide Depreciation on Plant & Machinery at 5% and on Furniture at 10%.
- Increase Reserve for bad debts on debtors to 2.5%.

- 19 From the following particulars, prepare a statement showing the components of the total sales and the profits for the year ended 31st December.

	Rs
Stock of finished goods (1 st Jan)	6,000
Stock of Raw Materials (1 st Jan)	40,000
Work in progress (1 st Jan)	15,000
Purchase of Raw Materials	4,75,000
Carriage inwards	12,500
Factory rent, taxes	7,250
Other production expenses	43,000
Stock finished goods (31 st Dec)	15,000
Wages	1,75,000
Works' managers salary	30,000
Factory employee's salary	60,000
Power expenses	9,500
General expenses	32,500
Sales for the year	8,60,000
Stock of raw materials (31 st Dec)	50,000
Work in progress (31 st Dec)	10,000

- 20 The sales turnover and profit during two years were as follows:

Year	Sales	Profit
2019	1,40,000	15,000
2020	1,60,000	20,000

Calculate:

- P/V ratio
 - Break-even point (B.E.P.)
 - Sales required to earn a profit of Rs.40,000
 - Fixed expenses
 - Profit when sales are Rs.1,20,000.
- 21 Form the following particulars, Draw up the Balance Sheet of the company:
- | | |
|--|--|
| Current Ratio | 2.5 |
| Quick Ratio | 1.5 |
| Net working Capital | Rs 30,000 |
| Stock Turnover Ratio | 6 times (cost of sales /closing stock) |
| Gross Profit Ratio | 20% |
| Fixed Assets Turnover Ratio | 2 Months |
| Fixed Assets to Shareholders Net Worth | 0.8 |
| Reserves and Surplus to Capital | 0.5 |
| Long term Loans | Rs 15,000 |
