



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

SECOND SEMESTER – APRIL 2022

17UBU2MC01 – FINANCIAL ACCOUNTING

Date: 16-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A

Q. No Answer ALL questions

(10 x 2 = 20 Marks)

- 1 Write down the Adjusting entry to be passed for Goods sent on approval.
- 2 The Net Profit of a firm amounts to Rs 10500 before charging commission. The manager of the firm is entitled to a commission of 5% on the net profits after charging such commission. Calculate the commission payable to the manager.
- 3 A company purchased Machinery for Rs 100000. Its installation costs amounted to Rs 10000. Its estimated life is 5 years and the scrap value is Rs 5000. Calculate the amount and rate of depreciation under SLM method.
- 4 What is Stock and Debtor system under Branch accounts?
- 5 A firm's stock of goods is valued on 1st April 2019 at Rs 250000, at 20% below the cost. Calculate the amount of under-valuation of stock.
- 6 State the need for preparing departmental accounts.
- 7 What is Repossession?
- 8 What is Memorandum Revaluation account?
- 9 Define the term 'Executors Account'.
- 10 State any two advantages of setting Accounting standards.

PART – B

Answer any FOUR questions

(4 x 10 = 40 Marks)

- 11 Pass necessary adjustment entries for the following adjustments: (a) Commission received in advance Rs 1000 (b) Interest charged on drawings Rs 520 (c) provide provision for discount on creditors 2% on sundry creditors Rs 200000 (d) Goods worth Rs 2000 distributed as free samples to customers (e) Proprietor has withdrawn goods worth Rs 200 from stock.
- 12 Analyze the factors affecting the amount of Depreciation.
- 13 On July 1, 2013 AB Ltd purchased second hand machine for Rs 40000 and reconditioned the same by spending Rs 6000. On January 2014 a new machine was purchased for Rs 24000. On June 30, 2015 the machine purchased on January 1, 2014 was sold for Rs 16000 and another machine was installed at a cost of Rs 30000. The company writes off 10% on original cost every year on March 31. Show the Machinery account update.
- 14 A Head office at Chennai invoices goods to its Branch at Guntur at cost. The Head office paid all the branch expenses from its branch except petty cash expenses which were paid by the branch,

From the following details relating to the Branch, prepare Branch stock A/c, Branch Debtors A/c, Branch Expenses A/c and Branch P & L A/c.

Particulars	Rs	Particulars	Rs
Stock (Opening)	21000	Discount to customers	4200
Debtors (Opening)	37800	Bad debts	1800
Petty cash (Opening)	600	Goods returned by customers to branch	1500
Goods sent from HO	78000	Salaries & Wages	18600
Cash sales	52500	Rent & Rates	3600
Goods returned to HO	3000	Debtors (closing)	29400
Advertisement	2400	Petty Cash (closing)	300
Cash received from debtors	85500	Credit sales	85200
Allowances to customers	600	Stock (closing)	19500

15 Following is the Balance sheet of X, Y and Z as on 31.12.2014 :

Liabilities	Rs	Assets	Rs
Sundry Creditors	30000	Cash in hand	2000
Reserve fund	32000	Cash at Bank	50000
Capital A/c 's :		Debtors	60000
X 100000		Stock	60000
Y 50000		Furniture	80000
Z 50000	200000	Tools	10000
	262000		262000

Y died on 31st March 2015. Under the partnership agreement , the executor of Y was entitled to :

- Amount standing to the credit of his capital account
- Interest on capital which amounted to Rs 625
- His share of goodwill Rs 35000
- His share of profit from the closing date of last financial year to the date of death which amounted to Rs 4375. Y's executor was paid Rs 18000 on 1st April 2015 and the balance was to be paid in four equal yearly installments starting from 31.3.2016 with interest at 6% p.a. Prepare Y's Capital account, Y's executor account till it is finally paid. Assume profits are shared in the capital ratio.

16 Fire occurred in the premises of Mr. Sam on 30th April 2018, The following information were extracted from the records of Mr.Sam from which you are required to prepare a Statement of claim. The stocks were insured for Rs 600000. Stock worth Rs 150000 was recovered from fire. The other details available are :

Particulars	Rs
Stock on 1.1.2018	200000
Purchases till Date of fire	1000000
Sales till date of fire	810000
Commission to purchase manager on purchase	2%
Carriage on purchase	6000
Rate of Gross profit on cost	50%

The stock was valued at 20% less than the cost.

17 Analyze the differences between Hire Purchase systems and Installment systems.

PART – C

- 18 From the following Trial Balance of Thiru Rajan as on 31st March 2020, Prepare Trading and P & L A/c and Balance sheet taking into account the adjustments :

Debit balances	Rs	Credit balances	Rs
Land and Buildings	42000	Capital	62000
Machinery	20000	Sales	98780
Patents	7500	Returns Outwards	500
Stock 1-4-2018	5760	Sundry Creditors	6300
Sundry Debtors	14500	Bills payable	9000
Purchases	40675		
Cash in hand	540		
Cash at Bank	2630		
Return Inwards	680		
Wages	8480		
Fuel & Power	4730		
Carriage on Sales	3200		
Carriage on Purchases	2040		
Salaries	15000		
General Expenses	3000		
Insurance	600		
Drawings	5245		
	176580		176580

Adjustments :

- (i) Stock on 31-3-2020 was Rs 6800
 - (ii) Salary outstanding Rs 1500
 - (iii) Insurance Prepaid Rs 150
 - (iv) Depreciate machinery @ 10% and patents @ 20%
 - (v) Create a provision of 2% on debtors for bad debts
- 19 The following Purchases were made by a business house having three departments
- | | | |
|---------------------|---|--------------------------------|
| Dept A – 1000 Units |] | |
| Dept B – 2000 Units |] | at a total cost of Rs 1,00,000 |
| Dept C – 2400 Units |] | |
- Stocks on 1st January were :
- Dept A – 120 Units
- Dept B – 80 Units
- Dept C – 152 Units
- Sales were :

Dept A – 1020 Units at Rs 20 each

Dept B – 1920 Units at Rs 22.50 each

Dept C – 2496 Units at Rs 25 each

The rate of gross profit is same in each case. Prepare Departmental trading account.

- 20 A and B are partners sharing profits in the ratio of 2:1. Following is the balance sheet of the firm as on 31.3.2011.

Liabilities	Rs	Assets	Rs
Wages due	5000	Cash in hand	22000
Sundry creditors	48000	Cash at Bank	2000
Capital A/C :		Debtors	
A	60000	30000	
B	35000	Less : Provision	28000
		2000	
		Bills Receivable	12000
		Stock	18000
		Investments	12000
		Furniture	4000
		Buildings	50000
	148000		148000

On 1.4.2011 C was admitted as a partner. C brings in Rs 25000 as capital for 1/4th share in profits. Additional information :

- (i) provision for doubtful debts be increased to Rs.3500.
- (ii) Furniture be reduced to Rs.3500
- (iii) Buildings be increased by Rs.10000
- (iv) An investment of Rs.1500 not recorded in the books, now bought into account.
- (v) A contingent liability of Rs.800 has become certain liability. It has been agreed among the partners that assets and liabilities are to be shown at old values

Prepare Memorandum Revaluation account and new Balance sheet after admission.

- 21 Discuss the purpose and procedure for issuing Accounting standards in India.
