

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION**

**FIRST SEMESTER – APRIL 2022**

**UBU 1502 – FINANCIAL ACCOUNTING**

**(19 & 20 BATCHES)**

Date: 17-06-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

**PART – A**

**Q. No Answer ALL questions**

**(10 x 2 = 20 Marks)**

- 1 Write down the Adjusting entry to be passed for Goods-in-Transit.
- 2 Goods costing Rs 2000 were distributed as free samples but no entry has been made in the book of accounts. Purchases were Rs 82000. Accounting year is financial year. Pass an adjusting entry and show how this will appear in final accounts.
- 3 List out any two causes of Depreciation
- 4 Calculate the amount of depreciation under the SLM from the following information: Purchased a second-hand machine for Rs 80000, Spent Rs 20000 on its cartage, repairs & installation, Expected useful life of machine is 4 years and Estimated residual value is Rs 40000.
- 5 What is Revaluation account?
- 6 A, B and C are partners sharing profits and losses in the ratio of 4:3:2. B retires, and A and C agree to share future profits in the ratio of 5:3. Find out the Gaining Ratio.
- 7 What is meant by Revenue from operations?
- 8 List out any two sources of Goodwill.
- 9 State any two objectives of Accounting Standards
- 10 Recall the accounting standard that deals with Cash flow statement.

**PART – B**

Answer any FOUR questions

(4 x 10 = 40 Marks)

- 11 From the following Trial Balance of Shri Rajesh you are required to decide on the Trading , P & L A/c and Balance sheet for the year ended 31<sup>st</sup> Dec 2018 taking into account the adjustments :

<b>Debit balances</b>	<b>Rs</b>	<b>Credit balances</b>	<b>Rs</b>
Plant and Machinery	200000	Capital Account	800000
Manufacturing wages	345000	Sundry creditors	445600
Salaries	158500	Bank Loan	150000
Furniture	100000	Purchase returns	17400
Freight on purchase	18600	Sales	2508500
Freight on sales	21400	Provision for doubtful debts	20000
Buildings	240000		
Manufacturing expenses	95000		
Insurance & Tax	42500		
Goodwill	250000		
General expenses	82000		
Factory Fuel & Power	12800		
Sundry debtors	782000		
Factory Lighting	9500		
Opening stock	342000		
Motor car	120000		
Purchases	1020000		
Sales returns	31000		
Bad debts	14000		
Interest & Bank Charges	4000		
Cash at bank	42000		
Cash in hand	11200		
	3941500		3941500

Adjustments:

- Closing stock was valued at Rs 305000.
- Depreciate plant & machinery by 10% p.a., furniture by 5% p.a., and motor car by Rs 10000.
- Create provision for doubtful debts at 5% on sundry debtors.
- A commission of 1% on the gross profit is to be provided to works manager.
- General manager is to be allowed a commission at 2% on net profit after charging works manager's and before charging General managers commission

- 12 Analyze the factors affecting the amount of Depreciation.

- 13 On 1<sup>st</sup> April 2018, Omega Ltd purchased a second-hand machine for Rs 160000 and spent Rs 40000 on its cartage, repairs and installation. On 30<sup>th</sup> September 2019 repairs and renewals amounted to Rs 4000. On 30<sup>th</sup> September 2020 this machine is sold for Rs 100000. Depreciation is to be provided at 20% p.a according to WDV method. Prepare Machinery account and Depreciation account for the first three years assuming that the accounts are closed on 31<sup>st</sup> March each year.
- 14 Validate the factors affecting the valuation of Goodwill.
- 15 A, B and C are equal partners in a firm and their Balance sheet as on 31.12.2018 is given below:

Liabilities	Rs	Assets	Rs
Sundry Creditors	40500	Machinery	43500
Reserve	4500	Furniture	1500
Capital A/c 's :		Debtors	30000
A	15000	Stock	15000
B	12000		
C	18000		
	90000		90000

C retired on 31.12.2018 and assets were revalued as under :  
Machinery Rs 51000, Furniture Rs 1200, Debtors Rs 28500, Stock Rs 14700. Goodwill of the firm is valued at Rs 9000 and C 's share of Goodwill is to be adjusted to continuing partners capital accounts. Prepare necessary Ledger accounts and new Balance sheet.

- 16 State the Rules regarding Transfer of profits to reserves as per Revised schedule VI.
- 17 Enumerate the advantages of Accounting standards.

### PART – C

Answer any TWO questions

(2 x 20 = 40 Marks)

- 18 Helen Ltd is a company with an authorized capital of Rs 500000 divided into 5000 equity shares of Rs 100 each on 31.12.2018 of which 2500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2018.

#### Trial Balance of Helix Ltd

Debit	Rs	Credit	Rs
Opening stock	50000	Sales	325000
Purchases	200000	Discount received	3150
Wages	70000	Profit & Loss A/c	6220
Discount Allowed	4200	Creditors	35200
Insurance ( up to 31.3.19)	6720	Reserves	25000
Salaries	18500	Loan from MD	15700
Rent	6000	Share capital	250000
General expenses	8950		
Printing	2400		
Advertisements	3800		
Bonus	10500		
Debtors	38700		
Plant	180500		
Furniture	17100		
Bank	34700		
Bad debts	3200		
Calls-in-arrears	5000		

You are required to prepare company 's statement of Profit & Loss for the year ended 31.12.2018 and a Balance sheet as on that date. The following further information is given :

- Closing stock was valued at Rs 191500
- Depreciation on plant at 15% and on furniture at 10% should be provided.
- A tax provision of Rs 8000 is considered necessary.
- The directors declared an interim dividend on 15.8.2018 for 6 months ending 30<sup>th</sup> June 2018 at 6%.
- Provide for corporate dividend tax at 17%.

- 19 A & B sharing profit and losses in the ratio of 3:2 respectively, showed the following as their balance sheet on 31<sup>st</sup> March 2018.

<b>Liabilities</b>	<b>Rs</b>	<b>Assets</b>	<b>Rs</b>
Sundry Creditors	25000	Cash at Bank	5000
General Reserve	50000	Debtors	40000
Capital :		Stock	100000
A	180000	Furniture	20000
B	80000	Land & Buildings	170000
	335000		335000

They admit 'C' into partnership on the following terms:

- That 'C' pays Rs 100000 as his capital for one-fifth share in the future profits.
- That a Goodwill account be raised in the books of the new firm at its value of Rs 100000
- That Stock and Furniture be reduced by 10% and a provision for doubtful debts be created at 5% on debtors.
- That the value of land and buildings be appreciated by 20%.
- That the capital accounts of all the partners be readjusted on the basis of their profit sharing arrangement through partners current account.

You are required to prepare revaluation account, capital accounts of partners, and balance sheet of the new firm after Sam's admission

- 20 Discuss the methods of Valuation of Goodwill.
- 21 Explain the Scope and procedure of issuing accounting standards.

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