



LOYOLA-INTERNATIONAL ACADEMIC COLLABORATION

LOYOLA COLLEGE CHENNAI – 600 034

BBA-FRANCE – END SEMESTER EXAMINATION

I SEMESTER – APRIL 2023

BBA 136 – FINANCIAL ACCOUNTING I

Date : 04-05-2023

Dept. No.

Max. : 100 Marks

Time : 01:00 PM - 04:00 PM

PART – A

ANSWER ALL QUESTIONS

(6 X 5 = 30 Marks)

EXPLAIN THE FOLLOWING

1. Fill in the blanks:

- is a list of all ledger balances.
- Machine costing Rs.80,000 was purchased on 1/1/2022. It has 5 years life and salvage value of Rs.4000. The depreciation for the year ending 31/3/2022 will be -----
- Profit or Loss is the difference between Sales and -----
- Stock is valued at cost price or realisable value whichever is -----
- Unearned revenue is a ----- account.

2. From the following data calculate : Stock turnover ratio and Debtors collection period in days.

Sales Rs.2,00,000

Gross profit ratio 40%

Opening stock Rs.6,000

Closing stock Rs.10,000

Opening debtors Rs.8,000

Closing debtors Rs.16,000

3. State whether the following are TRUE or FALSE:

- When prices are falling FIFO method will show more profit.
- Acid test ratio will increase when stock is sold.
- Installation charge on purchase of machinery is a Capital expenditure.
- Cost of replacing worn out tyres in a car is Revenue Expense.
- Training cost of employees for updating their skills is a Revenue Expenditure.

4. Fire occurred in a Cell phone shop on November 18, 2017. The following information is available for the period April 1, 2017 to November 17, 2018.

Opening stock on 1st April 2017 Rs.12,000

Purchases during the period Rs.1,23,000

Purchase return during the period Rs.7,000

Freight paid Rs.12,000

Sales Rs.2,53,000

Sales returns Rs.13,000

Gross profit margin on sales 50%

Calculate the value of the goods lost by fire, if Rs.1000 stock was salvaged.

5. Unearned revenue on 1/1/2018 Rs.6000
 Unearned revenue on 31/12/2018 Rs.12,000
 Service revenue due on 1/1/2018Rs.6000
 Service revenue due on 31/12/2018 Rs.14,000
 Service revenue received during the year Rs.2,10,000
 Salaries prepaid on 1/1/2018 Rs.3000
 Salaries prepaid on 31/12/2018 Rs. 6000
 Salary due on 31/12/2018 Rs.15,000.
 Salary paid during the year 2018 Rs.1,25,000
 Calculate the amount of service revenue income and salary expense to be shown in the P/L account for the year 2018.
6. State whether the following are Capital or Revenue expenditure
- Registration charges on purchase of building.
 - Import duty paid on raw materials purchased
 - Repairs to old furniture
 - Re-conditioning expenses incurred on purchase of old car
 - Expenses incurred on trial run of machinery purchased.

PART – B

ANSWER ANY 5 QUESTIONS

(5 X 10 = 50 Marks)

7. The following relate to inventory purchased and sold during the month of January.
- Stock on 1/1/2022 : 20 pens at Rs.20 per pen
- Purchases during the month of January
- | | |
|------------------|-----------------------|
| 6 th | 50 pens at Rs.22 each |
| 18 th | 40 pens at Rs.24 each |
| 28 th | 30 pens at Rs.25 each |
- Sales during the month:
- | | |
|------------------|-----------------------|
| 5 th | 10 pens at Rs.25 each |
| 15 th | 25 pens at Rs.25 each |
| 20 th | 35 pens at Rs.30 each |
| 29 th | 30 pens at Rs.30 each |
- Operating expenses for the month amounted to Rs.250
- Assuming the firm follows the Weighted Average Method of pricing issues, calculate the value of the closing stock and the profit made during the year, under both Perpetual Inventory Method and Periodic Inventory Method.
8. a. On 1st April A received a 6 months 12% note receivable for Rs.20,000 from B a debtor. On May 1st this bill was discounted with the bank, which charged 16% interest per annum. On the due date the bill was met.
- b. On 1st August X gave a loan to Y for Rs.20,000 and received a 3 month 12% bill for the amount due. On November 1st, Y failed to pay the bill and X spent Rs.50 as Noting charges. Y agreed to accept a new bill for 1 month for the amount due together with 12% interest. This bill was met on the due date.
- c. On December 1, M sold goods to N for Rs.18000 and received a 3 month bill at 12% p.a. for the amount due. On the due date of the bill it was dishonoured and M paid Rs.40 as Noting charges. Subsequently M was declared insolvent and 40 paise in the rupee was received from him.
- Journalise the above transactions, assuming the books are closed in each case on December 31.

9. On 31/12/2022 Receivables account stood at Rs.2,00,000 and the provision for doubtful debt stood at Rs.13000.

During the year 20122 the following transaction took place.

Cash sales Rs.1,50,000

Credit sales Rs.7,00,000

Sales returns Rs,20,000

Sales allowances Rs.10,000

Cash received from receivable Rs.7,80,000 (discount allowed Rs.8,000)

Bad debts written off Rs.15,000

Bad debts recovered subsequently Rs.5,000

Bills receivable received from receivables Rs.30,000

The firm decides to create a provision for doubtful debts as follows:

<u>Receivables %age</u>	<u>PDD%</u>
20%	1
50%	4
30%	10

Prepare Receivables Account, Provision for Doubtful Debts account and show the entries in the P/L account and the Balance Sheet for the year ending 31st December 2022.

10. On 1st January 2017, the Balance sheet of Gopal stood as follows;

	Rs.		Rs.
Capital	50,000	Cash	20,000
Payables	10,000	Inventory	15,000
Bank Loan	20,000	Receivable	18,000
		Office supplies	4,000
	-----	Equipment	<u>23,000</u>
Total	80,000		80,000

During the month of January the following transactions took place:

Inventory purchased on credit Rs.6,000

Equipment purchased for cash Rs.5,000

Rent paid Rs.2,000

Settled Rs.10,000 bank loan along with Rs.500 interest

Cash collected from receivables Rs.8,000 (discount allowed Rs.100)

Sold inventory costing Rs.6,000 for Rs.10,000 on credit.

Paid Payables Rs.8,000 in cash and received a discount of Rs.200

Ramesh withdrew Rs.2000 for personal use.

Office supplies in stock at the end of the month was Rs.1,000

Depreciation provided on equipment Rs.800

Show the accounting equation.

11. Rectify the following errors:

- Import duty on machinery purchased Rs.45,000 was debited to Import Duty Account
- Purchase of machinery Rs.50000 was entered in the Purchase Book.
- Cash paid to N Rs.8000 was credited to M's Account.
- Commission received from Ramesh Rs.700 is not posted in the Ledger.
- Sales Returns from Gopal Rs.750 was entered in the Sales Returns Book as Rs.570.
- Sales book was overcast Rs.1000/-
- Cash paid to Gopal Rs.3000 was omitted to be entered in the cash book.
- Salary paid to Mahesh Rs.8000 was debited to his account.
- Rent paid Rs.2000 was entered in the rent account at Rs.200
- Purchase of machinery Rs.15,000 was entered in the purchase book.

12. On 31st March 2023, the bank account as per the Cash Book showed a balance of Rs.25,000. During March 3 cheques amounting to Rs.45,000 were sent for collection, of which a cheque for Rs.18,000 was not collected up to 31st March. Two cheques for Rs.8,000 and Rs.10,000 were issued on 26th March, of which the cheque for Rs.10,000 was presented and paid in April 2022. The following entries appeared in the Pass Book only:
An insurance premium of Rs.2,500 and a housing loan instalment paid under standing instructions.
Bank interest Rs.3,000
A wrong credit for Rs.4,300
The receipt side of the Cash Book was under cast by Rs.100.
Bank charges Rs.50 was entered twice in the Cash Book
Ascertain the Bank balance as per the adjusted Cash Book, and prepare the Bank Reconciliation statement on 31st March 2022
13. Write short notes on:
- Entity concept
 - Difference between cash and trade discount
 - Prudence concept
 - Accrual concept

PART – C

COMPULSORY QUESTION

(1 X 20 = 20 Marks)

14. Ramesh opened a Serviced Apartments on 1st January 2022. He introduced a capital of Rs.5,00,000 on that date. His bank statement during the year ended 31st December 2018 showed the following items:

Deposits

Capital introduced	Rs. 50,000
Room rent collected	Rs.4,30,000
Mess fees collected	Rs.2,30,000
Loan (12%)	<u>Rs. 50,000</u>
	<u>Rs.7,60,000</u>

Withdrawals

Utensils purchased	Rs. 1350000
Furniture purchased	Rs. 1200000
Staff salaries	Rs. 1000000
Electricity paid	Rs. 200000
Provisions purchased	Rs. 1400000
Insurance	Rs. 150000
Other administration expenses	Rs. 500000
Drawings	<u>Rs. 500000</u>
	<u>Rs 6,30,0000</u>
Bank balance	Rs.1,30,0000

On 31st December 2022 the following information is gathered by you:

- Utensils were purchased on 1st January. It has a life of 5 years and an estimated sale value of Rs.50000 at the end of its life.
- Furniture is to be depreciated at 25% per annum.
- Staff salary Rs.200000 is still payable.
- Rs. 30000 is still due for provisions purchased. Stock of provisions on 31st December 2022 .. Rs.25000
- Rs.120000 is due from inmates. The room rent received includes an advance of Rs.50000 from X who is expected to arrive in January 2023.
- Interest on loan is due for 1 year

Prepare a Profit and Loss Account for the year ending 31st December 2022 and a Balance sheet on that date.
