



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIRST SEMESTER – JULY 2025

UBU 1502 – FINANCIAL ACCOUNTING



Date: 11-07-2025

Dept. No.

Max. : 100 Marks

Time: 10:00 AM - 01:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. Definitions

- Capital and Revenue expenditure
- Trade-In
- Gaining Ratio
- Joint Life policy
- Accounting Standard

2. True or False

- Prepaid expenses are paid but not incurred during the current accounting period.
- The Rate of depreciation under SLM is 7% when total cost of the machine is Rs 300000, SV is Rs 20000 and estimated life is 10 years.
- Under Capitalisation method the value of Goodwill is the difference between the value of business and net tangible assets.
- Securities premium is shown in the balance sheet of a company under Share capital.
- Disclosure of Accounting policies are dealt in AS-3.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Fill in the blanks

- refers to the order in which the A & L are shown in the Balance sheet
- refers to the economic deterioration by the expiration of intangible assets.
- ratio is calculated at the time of admission of a partner
- Expenses incurred by the company on the borrowings are termed as -----.
- AS-2 deals with -----.

4. Match the following

- Valuation of Closing stock - EPS
- Method of Depreciation - Gratuity
- Valuation of Goodwill - Simple profit
- Employee Benefit expense - WDV
- AS - 20 - Cost/ Market price whichever is lower

SECTION B - K3 (CO2)

Answer any TWO of the following in 100 words each.

(2 x 10 = 20)

- Prepare the accounting entries and treatment in financial accounts under the following transaction:
Closing stock, Interest on Capital and Accrued Income
- A machine purchased on 1st July 2022 at a cost of Rs 14000 and Rs 1000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs 9500 on 31st March 2025. Show the machinery account for all the years.
- Discuss the contents of the Memorandum Revaluation A/c
- Explain the advantages and disadvantages of Accounting standards.

SECTION C – K4 (CO3)**Answer any TWO of the following in 100 words each.****(2 x 10 = 20)**

9. Explain the proforma of a Manufacturing account.

10. On 1st January 2020 Anil Ltd purchased two machines I and II, costing Rs 50000 each and provided depreciation at 10% p.a on SLM. At the end of 2023, the company decided to change the method of depreciation from SLM to WDV method retrospectively, the rate of depreciation remaining the same. Categorise the machinery account up to 2023.

11. A, B and C are partners sharing profits and losses in the ratio of 4:3:3 and their Balance sheet as on 31.04.2019 is as follows:

Liabilities	Rs	Assets	Rs
Sundry Creditors	100000	Land & Buildings	140000
Capital A/c 's :		Plant	100000
A	140000	Furniture	60000
B	100000	Stock	40000
C	60000	Debtors	40000
		Cash	20000
	400000		400000

B retires on the above date on the following conditions :

- Land and Buildings are revalued at Rs 160000
- To depreciate plant and furniture by 10%
- To create provision for doubtful debts at 5% on debtors
- Goodwill is to be valued at Rs 32000 and B's share to be adjusted in the capital accounts of A and C and their new ratio is 3:2
- B to be paid Rs 10000 in cash and balance is to be transferred to Loan account
- The capital of the new firm is to be fixed at Rs 192000 between A and C in the ratio of 3:2. Due to this, actual cash to be brought in or paid off as the case may be.

Prepare necessary Ledger accounts and new Balance sheet of the firm.

12. From the following information, calculate the value of goodwill on the basis of three years purchase of super profit.

- A firm earned net profits during the last three years as follows : 1st year – Rs 36000, 2nd year – Rs 40000 and 3rd year – Rs 44000
- The Capital investment of the firm is Rs 120000
- A fair return on the capital having regard to the risk involved is 10%.

SECTION D – K5 (CO4)**Answer any ONE of the following in 250 words****(1 x 20 = 20)**

13. From the following Trial Balance of Thiru Sam as on 31st March 2023, 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 1-4-2022	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 31-3-2023 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

14. Ravi, Ramesh , Raja were in partnership with an agreed profit- sharing ratio of 6:1:1. Their Balance sheet on 31st Dec 2019 was as follows:

Liabilities	Rs	Assets	Rs
Sundry Creditors	150000	Plant	300000
Capital A/c 's :		Debtors	210000
Ravi	300000	Stock	120000
Ramesh	180000	Bank	150000
Raja	150000		
	780000		780000

Raja died on 30th Sep 2020 and the deed provided the following information:

- (a) The deceased partner to be given his share of profit till date of death, on the basis of last years profits. The profits for the last four years were as follows: 2016 – Rs 480000, 2017 – Rs 360000, 2018 – Rs 240000, 2019 – Rs 120000.
 - (b) Raja will be entitled to his share of goodwill of the firm, calculated at 1 year purchase of last 4 years of profit.
 - (c) On the date of his death, the plant was revalued at Rs 290000 and provision for doubtful debts to be created at Rs 5000, Rs 10000 included in creditors is no longer a liability.
- Infer Raja's Capital account and categorise the amount to be transferred to his executors account.

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15. Alpha 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 Alpha 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		
	660270		660270

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 as per Revised Schedule VI. 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 30th June 2018 at 6%.
- Provide for corporate dividend tax at 17%.

- Summarise the Scope and procedure of issuing accounting standards. Evaluate the provisions relating to AS- 1, AS –2 & AS – 3.

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