



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIRST SEMESTER – APRIL 2025

UBU 1502 – FINANCIAL ACCOUNTING



Date: 26-04-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A - K1 (CO1)

	Answer ALL the Questions	(10 x 1 = 10)
1.	Definitions	
a)	Deferred Revenue expenditure.	
b)	Contra entry.	
c)	Sacrificing Ratio.	
d)	Amortization.	
e)	Accounting Standard.	
2.	True or False	
a)	When the proprietor withdraws Goods for his personal use, Drawings account is credited, and Purchase account is debited.	
b)	The Rate of depreciation under SLM is 2% when total cost of the asset is Rs 100000, Residual value is Rs 60000 and estimated life is 3 years	
c)	Under Annuity method the value of Goodwill is the difference between the value of business and net tangible assets	
d)	Goodwill written-off is shown in the P&L statement of a company under finance costs.	
e)	SBA determines the broad areas requiring formulation of accounting standards.	

SECTION A - K2 (CO1)

	Answer ALL the Questions	(10 x 1 = 10)
3.	Fill in the blanks	
a)	----- expenses paid but not incurred during the current accounting period.	
b)	When a new fixed asset is acquired in exchange for an old asset of the same kind or different kind ,the transaction is called -----	
c)	----- ratio is calculated at the time of retirement of a partner.	
d)	Under company's account, expenses incurred on the employees are called -----	
e)	AS-1 deals with -----.	
4.	Match the following	
a)	Valuation of Closing stock - Cash flow	
b)	Method of Depreciation - Bonus	
c)	Valuation of Goodwill - Super Profits	
d)	Employee Benefit expense - SLM	
e)	AS - 3 - Cost/ Market price whichever is lower	

SECTION B - K3 (CO2)

	Answer any TWO of the following in 100 words each.	(2 x 10 = 20)
5.	Prepare the accounting entries and treatment in financial accounts under the following transaction: Discount on debtors, Abnormal Loss of stock and Goods distributed as free samples.	
6.	Analyze the differences between SLM method and WDV method of Depreciation.	
7.	X and Y are partners sharing profits in the ratio of 2:1. Following is the Balance sheet of the firm as on 31.3.2021.	

Liabilities	Rs	Assets	Rs
Wages due	5000	Cash in hand	22000
Sundry Creditors	48000	Cash at Bank	2000
Capital A/c		Debtors	30000
X	60000	Less : provision	2000
Y	35000	Bills Receivable	12000
		Stock	18000
		Investments	12000
		Furniture	4000
		Buildings	50000
	148000		148000

On 1.4.2021 Z was admitted as a partner. Z brings in Rs 25000 as capital for $\frac{1}{4}$ th share in profits.

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

Prepare Memorandum Revaluation A/c and new Balance sheet after admission of partner Z.

8. State the Rules regarding Transfer of profits to reserves and managerial remuneration as per Revised schedule VI.

SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each. (2 x 10 = 20)

9. Explain the proforma of Balance sheet with regard to the order of Permanency and Liquidity.
10. A machinery was purchased on 1st January 2020 at a cost of Rs 28000 and spent Rs 4000 on its installation. Depreciation is to be provided at 10% per annum on the original cost. The books are closed on 31st December each year. The Machinery was sold for Rs 12000 on 31st March 2023. Prepare the Machinery account.

11. A, B and C are equal partners in a firm and their Balance sheet as on 31.12.2022 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 31.12.2022 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.

12. From the following information, calculate the value of goodwill on the basis of three years purchase of super profit.
- Average capital employed in the business is Rs 2000000
 - Rate of Interest expected from capital having regard to the risk involved is 10%
 - Net trading profits of the firm for the past 3 years were Rs 350400, Rs 280300, and Rs 310000
 - Fair remuneration to the partners for their services is Rs 48000 per annum.

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13. From the following Trial Balance of Shri Sam you are required to prepare Trading , P & L A/c and Balance sheet for the year ended 31st Dec 2021 taking into account the adjustments :

Debit balances	Rs	Credit balances	Rs
Stock on 1 st Jan 2021	70000	Capital	200000
Plant & Machinery	50000	Wages outstanding	4000
Rent	3000	Sales	500000
Depreciation on Plant & Machinery	5000	Creditors	45000
Drawings	40000	Bills payable	16000
Wages	20000	Discount (Cr)	12000
Income Tax	2000	Bank Overdraft	9000
Salary for 11 months	11000	Commission (Cr)	8000
Cash	5000	Purchases returns	5000
Buildings	160000		
Depreciation on buildings	8000		
Purchases	300000		
Debtors	80000		
Bills Receivable	30000		
Discount(Dr)	2000		
Carriage Inwards	4000		
Bad debts	6000		
Sales Returns	3000		
	799000		799000

Adjustments :

- Stock on 31st Dec 2021 was Rs 96000
- Stock destroyed by fire was Rs 6000 and the Insurance company accepted a claim of Rs 3600.
- Rs 1600 paid as rent of the office was debited to landlord account and was included in the list of debtors.
- Goods invoiced Rs 10000 was sent to customers on sale or return basis on 28th Dec 2021, the customer still having the right to return the goods. The rate of Gross profit was 1/5 of sale.
- Write off further bad debts Rs 4000 and maintain 5% provisions for bad debts on debtors.
- One month's salary was outstanding.

14. 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 :

- (a) Amount standing to the credit of his capital account
- (b) Interest on capital which amounted to Rs 625
- (c) His share of goodwill Rs 35000
- (d) 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 instalments 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.

SECTION E – K6 (CO5)**Answer any ONE of the following in 250 words****(1 x 20 = 20)**

15. SL Ltd was registered with a nominal capital Rs 1200000 in equity shares of Rs 10 each. The following is the list of balances extracted from it's books on 31.3.2018

Trial Balance of SL Ltd

Debit	Rs	Credit	Rs
Premises	600000	Sales	830000
Stock (1.4.2017)	150000	6% Debentures	600000
Furniture	14400	Profit & Loss A/c (Cr)	29000
Calls-in-arrears	15000	Bills payable	76000
Plant & Machinery	660000	Sundry Creditors	100000
Interim dividend paid	75000	General Reserves	50000
Sundry debtors	174000	Provision for Doubtful debts (1.4.2017)	7000
Goodwill	68000	Subscribed, Called up & Paid up capital	800000
Cash and Bank balances	63300		
Purchases	370000		
Preliminary expenses	10000		
Wages	169730		
General expenses	13670		
Advertising	20000		
Freight	26230		
Salaries	29000		
Directors fees	11450		
Bad debts	4220		
Debenture interest paid	18000		
	2492000		2492000

You are required to prepare company 's statement of Profit & Loss for the year ended 31.04.2018 and a Balance sheet as on that date as per Revised Schedule VI. The following further information is given :

- Stock on 31st March 2018 was valued at Rs 190000
- Write off preliminary expenses.
- Provide for half year's debenture interest.
- The provision for doubtful debts on 31st March 2018 should be equal to 1% on sales.
- Directors fees are outstanding to the extent of Rs 550 and salaries Rs 1000.
- Depreciate Plant & Machinery by 5% , Premises by 2% and write off Rs 2400 on Furniture.
- Goods to the value of Rs 3000 were distributed as free samples during the year. But no entry in this respect had been made.

16. Explain the procedure for issuing accounting standards and explain the following accounting standards in detail AS -2, AS -3 & AS- 10

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