



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIRST SEMESTER – APRIL 2025

UBU1MC02 – FINANCIAL ACCOUNTING



Date: 26-04-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A - K1 & K2 (CO1)

| Q.No | Levels | Answer ALL the Questions | (10 x 2 = 20) |
|------|--------|---|---------------|
| 1 | K1 | What is Balance sheet? | |
| 2 | | From the information given below prepare trading a/c | |
| | | Opening stock 1,00,000 direct expenses 10,000 | |
| | | Purchases 1,50,000 carriage inwards 5,000 | |
| | | Purchase returns 25,000 sales 4,00,000 | |
| | | Closing stock 50,000 | |
| 3 | K2 | Calculate the rate of depreciation under original cost method from the following information: Amount of depreciation – Rs 11000 and Original cost – Rs 60000. | |
| 4 | | Why is depreciation necessary for businesses? | |
| 5 | | Define the term "Goodwill" in partnership accounting. | |
| 6 | | A and C are sharing profits in the ratio of 3:2. They admit B into partnership for 1/3rd of the Share in the future profit. Calculate the New Profit sharing Ratio. | |
| 7 | K3 | List two purposes of preparing a Balance Sheet for a non-trading organization. | |
| 8 | | What is meant by departmental accounting? | |
| 9 | | Define Accounting Standards. | |
| 10 | | List any two objectives of Accounting Standards. | |

SECTION B – K3 & K4 (CO2)

| | | Answer ALL the Questions | (4 x 10 = 40) |
|----|----|--|---------------|
| 11 | K3 | Discuss the accounting treatment and adjusting entries for sole trader. a. Outstanding expenses b. accrued income | |
| | | [OR] | |
| 12 | | A company whose accounting year is the calendar year. purchased on 1.1.2013 a machine for Rs. 40,000. It purchased further machinery on 1st October 2013 for Rs. 20,000 and on 1st July 2014 for Rs. 10,000. On 1.7.2015, 1/4th of the machinery installed on 1.1.2013 became obsolete and was sold for Rs. 6800. Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance Method. Depreciation is to be provided at 10% p.a. | |
| 13 | | Explain the proforma showing the contents of the memorandum revaluation account. | |
| | | [OR] | |
| 14 | | A, B and C are partners in a firm sharing profits and losses in the ratio of 1/3: 1/2: 1/6 respectively. Their balance sheet as on 31.3.2020 was as follows: | |

| Liabilities | | Rs. | Assets | | Rs. |
|------------------|--------|----------|-----------------|--------|----------|
| Reserve fund | | 16,000 | Buildings | | 50,000 |
| Capital: | | | Machinery | | 40,000 |
| A | 30,000 | | Furniture | | 10,000 |
| B | 40,000 | | Stock | | 25,000 |
| C | 25,000 | 95,000 | Debtors | 18,000 | |
| Loan payable | | 15,000 | Less: Provision | 500 | 17,500 |
| Sundry Creditors | | 25,000 | Cash | | 8,500 |
| | | 1,51,000 | | | 1,51,000 |

'C' retires on 31.3.2020 subject to the following conditions:

- Goodwill of the firm is valued at Rs. 24,000
- Machinery to be depreciated by 10%
- Furniture to be depreciated by 5%
- Stock to be appreciated by 15% and buildings to be appreciated by 10%
- Reserve for doubtful debts to be raised to Rs.2,000.

Prepare necessary ledger accounts and show the balance sheet of the new firm.

- 15 Explain briefly the concept of Depreciation with its methods
[OR]
- 16 Differences between "Income and Expenditure a/c" and "Receipts and Payment a/c".
- 17 K4 A fire occurred in the business premises of Shyam on 19.7.19. From the following particulars ascertain the loss of stock and prepare a claim for insurance.
- | | |
|----------------------------------|----------|
| | Rs. |
| Stock on 1.1.18 | 36,720 |
| Stock on 31.12.18 | 32,400 |
| Sales for 2018 | 2,16,000 |
| Purchases for 2018 | 1,46,400 |
| Purchases from 1.1.19 to 19.7.19 | 1,76,400 |
| Sales from 1.1.19 to 19.7.19 | 1,80,000 |
- The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.21,600. The amount of the policy was Rs.75,600 and included an average clause in the policy.
- [OR]
- 18 Analyse the objective and scope of accounting standards on the reliability of financial statements.

SECTION C – K5 & K6 (CO3)

Answer ALL the Questions

(2 x 20 = 40)

- 19 K5 The following are the balances extracted from the ledger of Krishnan as on December 31,2020

| Particulars | Amount | Particulars | Amount |
|----------------------------------|--------|---------------------|--------|
| Krishnan's Capital A/c | 20000 | salaries | 4400 |
| Drawings | 3500 | wages | 7500 |
| Buildings | 10000 | rent | 2750 |
| Machinery | 2500 | travelling expenses | 1250 |
| Furniture & fittings | 600 | postage & telegrams | 135 |
| Opening stock | 12500 | rates & taxes | 90 |
| Cycle | 400 | carriage inwards | 2500 |
| Purchases | 75000 | carriage outwards | 750 |
| Sales | 125000 | interest paid | 375 |
| Sales returns | 5000 | general charges | 900 |
| Duty paid on purchases | 15000 | bad debts | 300 |
| Reserve for bad & doubtful debts | 400 | cash in hand | 250 |
| Reserve for discount on debtors | 200 | cash at bank | 2400 |
| Loan @9% | 5000 | Creditors | 7500 |
| | | Debtors | 10000 |

Adjustments

1. Stock as on 31-12-2020 Rs. 14000
 2. Provide the following outstanding
Salary Rs.400/-, Rent Rs.250, Wages Rs.600/-, Interest Rs.75/-
 3. Maintain the reserve for doubtful debts at 5% and the reserve for discount on debtors at 2.5% on sundry debtors
 4. Provide Depreciation for building 2.5%, machinery 10%, furniture 6%, & cycle 15%
- Prepare Trading, Profit & Loss a/c and Balance sheet for the year ending 31st Dec, 2020.

[OR]

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Explain the methods of treating Joint Life Policy.

21

K6

The following is the Receipts and Payments A/c of Delhi Football Association for the first year ending 31st Dec 2017

Receipts and Payments A/c

| Receipts | Rs.. | Payments | Rs. |
|---|--------|---|--------|
| To Donations | 50,000 | By Pavilion office (constructed) | 40,000 |
| To Reserve fund (Life membership and Entrance fees received) | 4,000 | By Expenses in connection with matches | 900 |
| To Receipts from football matches | 8,000 | By furniture | 2,100 |
| <u>Revenue receipts:</u> | | By investment at cost | 16,000 |
| To subscription | 5,200 | <u>Revenue payments:</u> | |
| To Locker rents | 50 | By salaries | 1,800 |
| To Interest on securities | 240 | By wages | 600 |
| To sundries | 350 | By Insurance | 350 |
| | | By Telephone | 250 |
| | | By Electricity | 110 |
| | | By Sundry expenses | 210 |
| | | By Balance on hand | 5,520 |
| | 67,840 | | 67,840 |

Additional information

- (i) Subscriptions outstanding for 1987 are Rs. 250
- (ii) Salaries unpaid for 1987 are Rs.170
- (iii) Wages unpaid for 1987 are Rs.90.
- (iv) Outstanding bill for sundry expenses Rs.40
- (v) Donations received have to be capitalized

Prepare from the details given above an Income and Expenditure A/c for the year ended 31/12/2017 and the Balance sheet of the association as on the date.

[OR]

22

Discuss the procedure for implementation of Accounting Standards in India, highlighting the role of ABS.

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