



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

**FIRST SEMESTER – NOVEMBER 2014**

**BU 1502 - FINANCIAL ACCOUNTING**

Date : 07/11/2014

Dept. No.

Max. : 100 Marks

Time : 01:00-04:00

## PART –A

(10\*2=20)

### Answer All questions:

1. What do you mean by self balancing ledgers?
2. Briefly explain Installment Purchase System?
3. What is average clause in a fire insurance policy?
4. What is Stock and Debtors System?
5. From the following details, prepare departmental trading accounts.

	Department A	Department B
Opening stock	9000	8400
Total purchases	27000	21600
Total sales	42000	36000
Closing stock	10800	4800
Credit purchases	17000	10600
Credit sales	5000	6000

6. Calculate the missing figure :

	RS.
Profit made during the year	2400
Capital at the end	8000
Capital introduced during the year	2000
Drawings	1200
Capital in the beginning	?

7. A company purchased a plant for Rs. 50,000. The useful life of the plant is 10 years and the residual value is Rs. 10,000. Find out the rate of depreciation under the straight line method.
8. From the following facts you are required to determine the amount of the total sales.

	Rs.
Stock at the beginning	8000
Purchases	40000
Stock at the end	7000
Rate of gross profit on sale	1/6

9. From the following , calculate the amount of claim in respect of a fire occurred in a business on 31-12-99 :

	Rs.
Sales 1-4-99 – 31-12-99	1200000
Purchases 1-4-99 – 31-12-99	800000
Stock on 31-3-99	200000
Gross profit	25% on sales

10. The Kanpur shoe company opened a branch at Delhi in 1988. From the following particulars, prepare Delhi branch a/c for the year 1988.

	Rs.
Goods sent to branch	15000
Cash sent to branch for expenses	6000
Cash received from the branch	24000
Stock on 31-12-88	2300
Petty cash in hand	40

**PART –B**

**(4\*10=40)**

**Answer any FOUR questions:**

11. List out the differences between Single Entry and Double Entry System?
12. The following purchases were made by a business house having three departments.

Dept. A	1000 units
Dept. B	2000 units
Dept. C	2400 units

DeptA ,B ,C were at a total cost of Rs. 1,00,000.

Stocks on 1<sup>st</sup> January were :

Dept. A	120 units
Dept. B	80 units
Dept. C	152 units

Sales were :

Dept. A	1020 units at Rs. 20 each
Dept. B	1920 units at Rs. 22.5 each
Dept. C	2496 units at Rs. 25 each

The rate of gross profit is same in each case. Prepare departmental trading account.

13. A fire occurred in the premises of Mr. Dheenadayalan on 15<sup>th</sup> august 1995. A large part of the stock was destroyed and Rs.7,500 was realized for the salvage. For the period from 1<sup>st</sup>January 1995 to 15<sup>th</sup> August 1995, the following information is available :

(i) purchases amounted to Rs. 42,500

(ii) sales amounted to Rs. 45,000

(iii) stock on hand on 1<sup>st</sup> January 1995 was Rs. 20,000 at cost price.

(iv) goods costing Rs. 2,500 were taken by Dheenadayalan for his personal use.

The previous accounts reveal that the rate of gross profit was 33 1/3 % on sale. The insurance policy was for Rs. 25,000 and included an average clause.

Prepare the statement of claim to be made on the insurance company.

14. Explain the features of dependant Branches?

15. The System of self balancing control is employed by Kumar in relation to Debtors.

Prepare General Ledger adjustment a/c in the sales ledger with the help of the following information:

	<b>Rs.</b>		<b>Rs.</b>
Opening Balance Dr	36,000	Allowances to customers	750
Opening Balance Cr	1,500	Credit Sales	70,500
B/R dishonoured	3,000	Discount allowed	2,250
Bad Debts written off	4,500	Bad Debts written off (previously now recovered)	1,500
Returns Inward	5,250	Discount disallowed (previously allowed)	80
Closing credit balance	500		
Cash Received from Debtors	52,500		
B/R received	12,750		

A credit balance of Rs.7,500/- in purchase ledger is to be transferred to the sales ledger and a debit balance of Rs.2,000/- into sales ledger is to be transferred to purchase ledger on account of settlement of accounts.

16. M.LTD sold a lorry to Arun on hire purchase system. The cash price was Rs.745000, Rs. 200000 was to be paid on delivery and the balance in 3 installments of Rs200000 each at the end of each year. M LTD charged interest at 5%p.a. Arun depreciates the lorry at 10%p.a on reducing balance method. Prepare ledger accounts in the books of Arun.

17. A company whose accounting year is the calendar year, purchased on 1-1-93 a machine for Rs.40,000. It purchased further machinery on 1<sup>st</sup> Oct.1993 for Rs.20,000 and on 1<sup>st</sup> July 1994 for Rs.10,000. On 1-7-1995, ¼th of the machinery installed on 1-1-1993 became obsolete and was sold for Rs.6,800. 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.

**PART –C**

**(2\*20=40)**

**Answer any TWO questions:**

18. a) Distinguish between Hire Purchase System and Installment Purchase System.

- b) What do you understand by  
 i) Complete Repossession  
 ii) Partial Repossession

19. The Calcutta Commercial Company invoiced goods to its Jamshedpur Branch at cost. The head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following details relating to the branch, prepare,

- (1) branch stock a/c  
 (2) branch debtors a/c  
 (3) branch expenses a/c  
 (4) branch P& L a/c.

	Rs.		Rs.
Stock (opening)	21,000	Discount to customers	4,200
Debtors(opening)	37,800	Bad debts	1,800
Petty cash (opening)	600	Goods returned by customers to branch	1,500
Goods sent from H.O	78,000	Salaries and wages	18,600
Goods returned to H.O	3,000	Rent and rates	3,600
Cash sales	52,500	Debtors (closing)	29,400
Advertisement	2,400	Petty cash (closing)	300
Cash received from debtors	85,500	Credit sales	85,200
Stock (closing)	19,500		
Allowances to customers	600		

20. The following Trial Balance is extracted from the books of Mr. Franklin as on 31<sup>st</sup> December 2008.

	Rs. Dr.	Rs. Cr.
Furniture & Fittings	640	-
Motor Vehicles	6,250	-
Buildings	7,500	-
Capital A/c.	-	12,500
Bad debts	125	-
Provision for bad debts	-	200
Sundry debtors and creditors	3,800	2,500
Stock on 1 <sup>st</sup> January 2008	3,460	-
Purchase and Sales	5,475	15,450
Bank Overdraft	-	2,850
Sales and Purchase returns	200	125
Advertising	450	-
Interest Account	118	-
Commission	-	375
Cash	650	-
Taxes and Insurance	1,250	-
General Expenses	782	-
Salaries	3,300	-
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	34,000	34,000

Adjustments:

- Stock in hand on 31-12-2008 was Rs.3,250.
- Depreciate building @ 5% Furniture & Fittings @ 10% and Motor vehicles @ 20%
- Rs.85 is due for interest on Book overdraft.
- Salaries Rs.300 and taxes Rs.120 are outstanding.
- Insurance amounting to Rs.100 is prepaid.
- One-third of commission received is in respect of work to be done next year.
- Write off further Rs.100 as bad debts and provision for bad debts is to be made equal to 5% on sundry debtors.

Prepare Trading and Profit & Loss A/c. for the year ending 31-12-2008 and the Balance Sheet as on that date.

21. Rama commenced business on 1.1.2008 with a capital of Rs.25,000. He immediately bought furniture for Rs.4000. During the year, he borrowed Rs.5,000 from his wife and introduced a further capital of Rs.3,000. He has withdrawn Rs.600 at the end of each month for family expenses. From the following particulars obtained from his books, you are required to prepare Trading and P & L A/c. and the Balance Sheet as on 31.12.2008.

	Rs.
Sales (Including cash Sales of Rs.30,000)	1,00,000
Purchase (including cash purchases of Rs.10,000)	75,000
Carriage	700
Wages	300

Discount allowed to debtors	800
Salaries	6,200
Bad debts written off	1,500
Trade Expenses	1,200
Advertisement	2,200

Rama has used goods worth Rs.1,300 for private purposes and paid Rs.500 to his son which is not recorded anywhere. On 31.12.2008, his debtors, were worth Rs.21,000, Creditors Rs.15,000 stock in trade Rs.10,000 and Cash Rs.27,400. Furniture to be depreciated at 10% p.a.

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