



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIRST SEMESTER – APRIL 2017

BU 1502 / BU 2501 - FINANCIAL ACCOUNTING

Date: 18-04-2017
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

SECTION A (10X2=20 Marks)

I ANSWER ALL THE QUESTIONS

1. Differentiate SLM from WDV.
2. What is interest on drawing? Is it an income or an expense?
3. What do you mean by double entry system?
4. State 2 defects of Single entry.
5. State the purpose of preparing a statement of affairs.
6. Why departmental accounts are prepared?
7. State two limitations of instalment system.
8. A machinery purchased for Rs.2,00,000, installation charges Rs.2,000, transportation charges Rs.5250 and import duty Rs.23,000 was spent on the machine. Scrap value Rs.21,000, life of the machine – 7 years. Calculate depreciation under Straight Line method.
9. Find out the credit sales from the following information. Sundry debtors on 1-1-2002 = Rs.12,800, sundry debtors on 31-12-2002 = 9,800, bills receivable as on 1-1-2002 = Rs.400, cash received = Rs.6,400, bills receivable as on 31-12-2002 = 2,500, bad debts = Rs.300, discount = Rs.350.
10. Calculate the profit earned during the period: Capital as on 31st Dec – Rs.28,600, Capital as on 1st Jan – Rs.25,000, Proprietors withdrawals for personal use – Rs.7,200, Additional capital introduced during the year – Rs.4,000.

SECTION B (4X10=40 Marks)

II ANSWER ANY Five QUESTIONS

11. Distinguish Hire Purchase System from Installment Purchase.
12. A Manufacturing concern whose books are closed on 31st March, Purchased Machinery for Rs.1,50,000 on 1st April, 1998. Additional Machinery was acquired for Rs.40,000 on 30th September, 1999 and for Rs.25,000 on 1st April, 2001. Certain Machinery, which was purchased for Rs.40,000 on 30th September, 1999 was sold for Rs.34,000 on 30th September, 2001. Give the Machinery Account for the year ending 31st March 2002 taking into account depreciation at 10% per annum on Written down value.

13. A commenced business on 1st January, 2002 with a capital of Rs.25,000. He immediately bought furniture for Rs.6,000. During the year he borrowed Rs.15,000 from his wife and introduced additional capital of his own amounting to Rs. 9,500. He had withdrawn Rs.900 at the end of each month for family expenses. On 31st December,2002, his position was as follows:

Cash in hand Rs.600, cash at Bank- Rs.7,800, Sundry Debtors – Rs.14,400, Stock Rs. 20,400, Bills Receivable Rs.4,800, sundry Creditors- Rs.1,500, Rent due Rs.450. Furniture to be depreciated by 10% , Ascertain the profit or loss made by A during 2002.

14. A head office in Tiruchy has a branch in Coimbatore. From the following information prepare Coimbatore branch account.

	Rs.		Rs.
Stock on 1-1-95	8,400	Goods returned by branch	1,000
Stock on 31-12-95	12,800	Bad debts at branch	650
Debtors 1-1-95	13,450	Remittance by H.O. for	
Credit sales	24,850	expenses:	
Cash sales	14,600	Salaries	4150
Cash received from debtors	23,870	Rent rates & taxes	4020
Goods sent to branch	23,760		

15. X & co, agreed to purchase wagons on hire-purchase system for Rs.4600. Rs.1400 were paid when wagons were acquired on 1stJuly 2001 and the balance was to be paid by half-yearly installments of Rs.800 plus interest at 5% p.a. Depreciation charged by X& Co is 10% on diminishing balance methods. Accounts are closed on 30thJune each year.

Prepare ledger account to record the above in the books of the purchaser.

16. The sundry debtors on 31st Dec, 95 are Rs.40,000. On analysis, it is found that debtors for Rs.36,000 are good. The debtors for Rs.3,000 are doubtful and are estimated to realize 2/3rds of the amount and the debtors for Rs.1,000 are bad. Make a provision for doubtful debts and show how it appears in the balance sheet.

17. On 1st Jan 2007, Mr.Ragav purchased a machine on hire purchase under a hire purchase agreement which provided for an initial payment of Rs.1, 500 and the balance in 4 equal half- yearly instalments of Rs. 2,000 each, the first instalment falling due on 30th June 2007. Assuming the rate of interest of 6% p.a. Determine the cash price of the machine.

SECTION C (2X20=40 Marks)

III ANSWER ANY TWO QUESTIONS

18. The following details were extracted from the records of Mr. Velu, as on 31st March,2012:

Debit balances	Credit balances
Plant & Machinery- 20,000	Capital account- 80,000
Manufacturing wages- 34,500	Sundry creditors-44,560
Salaries- 15,850	Bank loan-15,000
Furniture- 10,000	Purchases returns- 1,740
Freight on purchases- 1,860	Sales- 2,50,850
Freight on sales- 2,140	Provision for bad debts-2,000
Buildings-24,000	
Opening stock-34,200	
Motor car-12,000	
Sales returns- 3,100	
Baddebts-1,400	

Interest and bank charges-400
 Cash at bank-4,200
 Cash in hand-1,120
 Manufacturing expenses-9,500
 Insurance and tax-4,250
 Goodwill-25,000
 General expenses-8,200
 Factory fuel and power-1,280
 Sundry debtors-78,200
 Factory lighting-950
 Purchases – 1,02,000

Prepare a trading, P&L account for the year and the Balance sheet by considering the following additional information:

- Stock in hand as on 31st March,2012- 30,500
- Depreciate Plant & Machinery by 10%, Furniture -5%, Motor Car- Rs.1,000.
- Bring provision for bad and doubtful debts to 5%on sundry debtors.
- A commission of 1% on the gross profits is to be provided for works manager
- A commission of 2% on the Net Profit (after charging the works manager' commission) is to be credited to the General Manager.

19. Mr. Young keeps his keeps books on single entry system. From the following prepare trading and profit and loss account for the year ended 31stMarch, 2002 .together with the balancesheet on the date.

Cash book

2002 March 31	To Debtors To sales	25,000 15,000	2001 April 1 2002 March31	By bank overdraft Interest Drawings Salaries Expenses Creditors Balance c/d Bank Cash	4,000 100 2,000 8,500 7,900 15,000 2425 75
		40,000			40,000

The following are the other information :

	1-4-2001 Rs.	31-3-2002 Rs.
Stock in hand	9,000	10,220
Creditors	8,000	5,500
Debtors	22,000	30,000
Office premises	15,000	15,000
Furniture	1,000	1,000

- Provide 5% interest on Young's capital balance as on 1-4-2001. Provide Rs.1,500 for doubtful debts. 5% on depreciation of fixed assets. 5% on group commission as incentive to staff has to be provided for on net profit after meeting all expenses and the commission.

20. A head office in Delhi has a branch at Mumbai where goods are invoiced at cost price. From the following particulars prepare the necessary ledger accounts in the books of H.O.

Stock 1-1-2002	8000	Goods returned from customers	4000
Debtors on 1-1-2002	7000	Expenses of branch:	
Petty cash at branch on 1-1-2002	1000	Salaries-8000	
Goods sent to branch	40,000	Rent & taxes-1,000	
Cash sales	15000	Petty cashes- 1,200	10,200
Cash received from debtors	30,000		
Goods returned to H.O.	2000	Stock as on 31-12-2002	12,000
Bad debts	500	Debtors on 31-12-2002	10,000
Discount and allowances	1500	Petty cash at branch 31-12-2002	800

21. From the data, prepare departmental trading and profit and loss account and thereafter the combined income account revealing the concern's true result for the year ended 31st December, 2002.

	Departments	
	A Rs.	B Rs.
Stock Jan1 , 2002	40,000	-
Purchases from outside	2,00,000	20,000
Wages	10,000	1,000
Transfer of goods from dept. A	-	50,000
Stock Dec 31, 2002	30,000	10,000
Sales to outsiders	2,00,000	71,000

B's entire stock represents goods from Dept. A which transfers them at 25% above its cost. Administrative and selling expenses amount to Rs.15,000 which are to be allocated between departments A and B in the ratio of 4:1 respectively.
