



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034
B.B.A., DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIRST SEMESTER – NOVEMBER 2013

BU 1502/BU 2501/BU 2500 – FINANCIAL ACCOUNTING

Date : 12/11/2013

Dept. No.

Max. : 100 Marks

Time : 1:00 - 4:00

PART- A

Answer ALL questions:

(10x2=20 marks)

1. Mention two drawbacks of Single Entry System.
2. What do you mean by Repossessed Stock?
3. Distinguish between 'provision' and 'a reserve' .
4. State two features of a dependent branch.
5. What does an average clause in a contract of insurance mean?
6. Pass adjusting entries for the following:
 - a) Stock at the end of the year Rs.12000
 - b) Provide Rs.1000 for doubtful debts
7. Machine was purchased on 1st October 2012 for Rs.45000 and Rs.5000 was spent on its installation. The machine has a life of 5 years and a salvage value of Rs.10000 at the end of the life. Calculate the amount of depreciation to be provided under 'straight line method' for the year ending 31st December 2012 and 31st December 2013.
8. Calculate opening capital from the following:
Capital at the end of the year Rs.182000
Capital introduced during the year Rs.47000
Drawings during the year Rs.28000
Loss during the year Rs.15000
9. Calculate total sales during the year:
Cash sales Rs.46000
Cash collected from debtors during the year 126400
Bad debts written off Rs.1300
During the year debtors decreased by Rs.4940.
10. A trader's stock valued at Rs.40000 was totally destroyed due to fire. The stock was insured for Rs.30000. The stock salvaged was Rs.10000. calculate the amount of insurance claim.

PART - B

Answer ANY FIVE questions:

(5x8=40 marks)

11. Differentiate between 'hire purchase' and 'instalment' sales.
12. What are 'self balancing ledgers'? What purpose do these ledgers serve?
13. Ram purchased a van for Rs.42000 on 1st January 2010. Payment is to be made Rs.10000 down and four instalments of Rs.10000 each at the end of each year. Interest is to be charged at 10% p.a. Ram depreciates the van at 10% p.a. on written down value method. After paying the down payment and the first instalment, Ram failed to pay the second instalment and the vendor took possession of the van. Show the van account and hire vendor account in the books of Ram.

14. From the following particulars, prepare the debtors ledger adjustment account, as on 31st March 2013.

Debtors on 1st March 2013 – Rs.55842

Transactions during the month

Cash sales - Rs.10000

Credit sales – Rs.98602

Cash received from debtors – Rs.88753

Discount allowed to debtors – Rs.480

Acceptance received from debtors – Rs.7120

Returns from debtors – Rs.5430

Bills receivable dishonoured – Rs.1120

Bad debts written off – Rs.3890

Sundry charges debited to customers – Rs.378

Transfers to creditors' ledger – Rs.100

Provision for doubtful debts – Rs.2500

15. On 1st April 2013 the stock of M Ltd was destroyed by fire, but sufficient records were saved from which the following particulars were ascertained:

Stock at cost on 1st Jan 2012 – Rs.73500

Stock on 31st Dec. 2012 – Rs.79600

Purchases for year ended 31st Dec 2012 – Rs.398000

Sales for the year ended 31st Dec.2012 – Rs.487000

Purchases from 1st Jan 2013 – 31st March 2013 – Rs.162000

Sales from 1st Jan 2013 – 31st March 2013 – Rs.231200

In valuing the stock for the Balance sheet on 31st December 2012, Rs.2300 was written off certain stock which was a poor selling line, it having cost Rs.6900. A portion of these goods were sold in March 2013 at a loss of Rs.250 on the original cost of Rs.3450. The remainder of this stock is now estimated to be worth its original cost. Subject to the above exception, gross profit had remained at a uniform rate throughout the year. The value of stock salvaged was Rs.4600.

Show the amount of claim for loss of stock.

16. From the following particulars prepare a Branch account showing the Profit and Loss at the Branch:

The Head office sends goods to the branch at cost plus 20%

Stock on 1/7/2012 – Rs.1800

Debtors on 1/7/2012 – Rs.3000

Petty cash on 1/7/2012 – Rs.30

Goods supplied to branch – Rs.30000

Cash sales at branch – Rs.6000

Money received from debtors – Rs.21000

Cheques sent to branch for expenses – Rs.1160

Stock at branch on 31/12/2012 – Rs.3000

Debtors at branch 31/12/2012 – Rs.4800

Petty cash at branch 31/12/2012 – Rs.20

17. From the following particulars calculate the profit for the two departments X and Y for the month ending 31st January 2013:

Dept.X (Rs.) Dept.Y (Rs.)

Stock on 1 st Jan 2013	9000	8400
Sales	42000	36000
Purchases	27000	21600
Administration expenses	5490	8520

Stock on 31st Jan 2013 could not be taken, but his rate of gross profit on sales for the two departments were 40% and 30%.

Sales expenses for the two departments amounted to Rs.1560. These are to be apportioned between the two departments in the sales ratio.

Prepare a statement showing the profits for the two departments.

18. A Ltd purchased a machine on 1st April 2011 for Rs.72800 and paid Rs.2200 on its installation. On October 1st 2011 another machine was acquired for Rs.25000. On 1st April 2012 the first machine was sold for Rs.50000 and on the same day a new machine was purchased for Rs.45000. Depreciation was provided annually on 31st March at 10% p.a. on written down value. On 1st April 2013 the firm decided to change the method of providing depreciation and adopted the method of providing depreciation at 10% p.a. on original cost with retrospective effect from the date of purchase. Prepare machinery account upto the year ending 31st March 2014.

PART - C

Answer ANY TWO questions

(2x20=40 marks)

19. A started business on January 1st 2011 with a capital of Rs.10000. He took a loan from his wife for Rs.3500 which he invested in machinery. He kept his books under single entry system, from which the following receipts and payments account for the year ended 31st December 2012 was ascertained.

Receipts	Rs.	Payments	Rs.
Balance B/D	500	Salaries	1000
Debtors	15000	Wages	800
Cash sales	1000	Creditors	6500
		Office expenses	500
		Drawings	1200
		Insurance	400
		Balance c/d	6100
Total	16500	Total	16500

Salaries paid includes RS.200 for the year ended 31st December 2011.

Insurance includes Rs.100 paid in advance.

On 1st January 2012 Debtors were Rs.4000, Creditors Rs.3000 and Stock Rs.8500.

He received a discount of Rs.300 from creditors during the year and allowed Rs.500 discounts to debtors.

On 31st December 2012 debtors were Rs.4500, Creditors Rs.5000 and Stock Rs.9200.

The wife's loan was still unpaid.

Prepare Trading and Profit & Loss account for the year ended 31st December 2012 and the Balance Sheet as on that date.

20. X Ltd had a branch at Jaipur to which goods are invoiced at cost plus 50%. Branch remits all cash received to the Head Office and all expenses are met by the Head Office. From the following data ascertain the profit made at the Jaipur Branch for the year ended 31/12/2013 by preparing necessary accounts under 'Stock and Debtors system'.
 Stock on January 1, 2012 – Rs.9300
 Debtors on January 1, 2012 – Rs.6800

Goods sent to branch at invoice price – Rs.51000
 Cash sales at branch – Rs.25010
 Credit sales at branch – Rs.31000
 Cash collected from debtors – Rs.30400
 Goods returned by branch to HO at invoice price – Rs.1200
 Goods transferred from Lucknow branch to Jaipur branch – Rs.1500
 Stock shortage at branch at invoice price – Rs.450
 Discount allowed to customers – Rs.200
 Expenses at branch – Rs.5400

21. From the following Trial Balance prepare Trading and Profit and Loss a/c for the year ended 31/3/2013 and a Balance Sheet as on that date.

Debit balances		Credit balances	
Opening stock	Rs. 10,000	Capital	Rs. 75,000
Machinery	Rs. 50,000	Purchase returns	Rs. 1,000
Purchases	Rs. 70,000	Sales	Rs.1,20,000
Sales return	Rs. 1,000	Creditors	Rs. 9,000
Salaries	Rs. 7,000	10% Bank loan	Rs. 25,000
Office rent	Rs. 2,000	Provision for bad debts	Rs. 2,000
Insurance	Rs. 1,000	(1/4/2012)	
Debtors	Rs .50,000		
Bad debts	Rs. 500		
Stock lost by fire	Rs. 1,500		
Cash	Rs. 1,000		
Bank	Rs. 28,000		
Drawings	<u>Rs. 10,000</u>		-----
	<u>Rs.232,000</u>		<u>Rs.232,000</u>

Adjustments:

- a) Closing stock Rs.30,000
- b) Provide 5% for doubtful debts
- c) Prepaid insurance Rs.500
- d) Depreciate machinery 10% per annum
- e) Bank loan was taken on 1/10/2012
- f) Insurance company agreed to pay Rs.1000 for the stock lost.
- g) Provide 5% commission to the Manager on the net profit before charging such commission .

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