



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

FIRST SEMESTER – NOVEMBER 2017

**BU 1502 - FINANCIAL ACCOUNTING**

Date: 04-11-2017  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**PART – A**

**ANSWER ALL THE QUESTIONS**

**(10 x 2 = 20)**

1. What are contingent liabilities? Give suitable examples?
2. What is the need for providing depreciation?
3. Bring out the types of branches?
4. What do you understand by hire purchase system?
5. Distinguish between department and branches?
6. Prepare Trading A/c.

	Rs.
Opening Stock	1,00,000/-
Purchases	5,60,000/-
Freight	40,000/-
Closing Stock	1,20,000/-
Sales	7,60,000/-
Carriage outwards	20,000/-
7. A machine was purchased for Rs.50,000/- on 01.01.2009. This is expected to last for 5 years. Its estimated scrap value at the end of 5 years is Rs.5,000/-. Find out the amount of depreciation under straight line method.
8. Find out profit from the following data :

	Rs.
Capital at the beginning of the year	40,00,000/-
Drawings	6,00,000/-
Capital at the end of the year	48,00,000/-
Capital introduced during the year	2,00,000/-
9. How will you apportion the following expenses among various departments?
  1. Rent
  2. Lighting
  3. Selling Expenses
10. Cash price of machinery Rs. 20,000/- down payment Rs. 5,000/- four annual instalments of Rs.5,000/- each. Calculate interest for each of the four years.

**PART – B**

**ANSWER ANY FOUR QUESTIONS**

**(4 x 10 = 40)**

11. Elaborate the salient features of single entry system?
12. “Departmental accounting are useful for business” Explain.

13. A Company purchased machine for Rs.45,000/- on 1<sup>st</sup> January 2008. On 30.06.2008 another machinery was purchased for Rs. 5,000/- on 31.12.2008 part of the machine was sold for Rs.1,650, which had a cost price of Rs.2,000/- on 01.01.2008. Prepare machinery account after providing depreciation at 10% on Straight Line Method

14. From the following information calculate credit purchases and total purchase:

	Rs.
Cash purchases	29,000/-
Opening balance of bills payable	7,500/-
Opening balance of creditors	20,000/-
Closing balance of bills payable	2,500/-
Closing balance of creditors	18,000/-
Cash paid to creditors	25,000/-
Cash paid to bills payable in the relevant year	10,500/-
Purchase returns	1,500/-
Allowance from creditors	800/-
Bill payable dishonoured	300/-

15. The Madras Trading Co. purchased a motor car from Bombay Motor Co. on hire purchase agreement on 01.01.1980, Down payment to be made as follow: Rs.10,000/- and further three instalments of Rs.10,000/- each on 31<sup>st</sup> December each year. The cash price of the car is Rs.37,250/- and the Bombay Motor Co. charges interest at 5% P.A.

The Madras Trading Co. write off 10% p.a. as depreciation on the reducing balance method. You are required to prepare ledger accounts in the books of hire purchaser only.

16. The following purchases were made by a business house having three departments :

Department – A	-	1000 units	}	at a Total Cost of Rs.1,00,000/-
Department – B	-	2000 units		
Department – C	-	2,400 units		
Stock on 1 <sup>st</sup> January were :				
Department - A	-	120 units		
Department - B	-	80 units		
Department - C	-	152 units		

The sales were :

Department - A	1,020 units	at Rs. 20/- each
Department - B	1,920 units	at Rs. 22.50/- each
Department - C	2,496 units	at Rs. 25/- each

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

17. A fire occurred in the godown of a factory on 02.04.1999 and destroyed the stocks. From the following particulars calculate the amount to be received from the insurance company.

	Rs.
Stock on 01.01.1999	2,00,000/-
Purchases upto date of fire	10,50,000/-
Wages	1,85,000/-
Manufacturing expenses	1,15,000/-
Sales upto the date of fire	15,00,000/-

Gross profit ratio	15%
Stock saved	75,000/-
Amount of insurance	1,50,000/-

### PART – C

#### ANSWER ANY TWO QUESTIONS

(2 x 20 = 40)

18. Distinguish between hire purchase and installment system?
19. Prepare final accounts with the help of following trial balance as on 31.12.2007

Particulars	Debit Rs.	Credit Rs.
Capital	-	4,250
Drawings	710	-
Machinery	950	-
Opening Stock	1,460	-
Purchases and Sales	10,362	11,906
Purchase return and Sales return	210	291
General Expenses	440	-
Rent	120	-
Rates	200	-
Apprentice Premium	-	80
Bank Over draft	-	240
Bad Debts	172	-
Debtors & Creditors	4,200	2,000
Cash	48	-
Bad Debts Provision	-	105
	<b>18,872</b>	<b>18,872</b>

#### Adjustments

1. Write depreciation 10% on machinery
  2. Increase provision for bad debts on debtors to 5%
  3. Accrued Rent Rs. 40/-
  4. Rates prepaid Rs. 80/-
  5. Value of closing stock on 31.12.2007 was Rs. 1,700/-
  6. Apprentice ship premium prepaid was Rs.20/-
20. The Calcutta Commercial and Co. 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.

	<b>Rs.</b>		<b>Rs.</b>
Opening Stock	21,000	Discount to Customers	4,200
Opening Debtors	37,800	Bad Debts	1,800
Opening Petty Cash	600	Goods returned by Customers to branch	1,500
Goods sent from Head Office	78,000	Salaries and Wages	18,600
Goods returned to Head Office	3,000	Rent & Rates	3,600
Cash Sales	52,500	Closing Debtors	29,400
Advertisements	2,400	Closing Petty cash	300
Cash Received from Debtors	85,500	Credit & Sales	85,200
Closing Stock	19,500		
Allowances to Customers	600		

21. The trading and profit and loss account by TV and Radio Equipment company on the period ending 31.03.2001 is presented to you.

	<b>Rs.</b>		<b>Rs.</b>
<b>Purchases</b>		<b>Sales</b>	
TV (A)	14,07,000	TV (A)	15,00,000
Radio (B)	9,06,000	Radio (B)	10,00,000
Spare Parts (C)	6,44,000	Servicing Receipts (C)	2,50,000
Salaries / Wages	4,80,000	Closing Stock :	
Rent	1,08,000	TV (A)	6,01,000
Sundry Expenses	1,10,000	Radio (B)	2,03,000
Profit	3,45,000	Spare Parts (C)	4,46,000
	<b>40,00,000</b>		<b>40,00,000</b>

Prepare Departmental Trading and Profit and Loss Account for the three Departments A, B, and C. After taking into Account the following for 31.03.2001.

1. TV Sets and Radio sets are sold at show room, servicing and radio repair and done at workshop.
2. Salaries and Wages to be shared :
  - Show room –  $\frac{3}{4}$
  - Workshop –  $\frac{1}{4}$

Between Departments of A and B, Salaries and wages are to be shared in the ratio of 1:2.
3. The workshop rent in Rs.5,000/- per month. The rent of show room is to be divided equally between department A and B.
4. Sundry Expenses are to be shared on the basis of Sales of each department.