

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIRST SEMESTER – NOVEMBER 2019

UBU 1502 – FINANCIAL ACCOUNTING

Date: 01-11-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A

ANSWER ALL THE QUESTIONS:

(10 x 2 = 20 marks)

1. What is Gross Profit?
2. The drawing of a proprietor for the year 2002 are Rs. 30,000. Profit for the year Rs. 50,000 and capital at the end Rs. 1,40,000. Calculate the capital at the beginning.
3. What is the need for providing depreciation?
4. A machine was purchased for Rs. 30,000 on 1.1.2014. This is expected to last for 5 years. Estimated scrap at the end of five years is Rs. 5,000. Find out the rate of depreciation under the straight-line method.
5. What is Revaluation Account?
6. A, B and C were sharing profits in the ratio of 4 : 3 : 2 D was admitted on 1st January with 1/3rd interest in the business. Calculate the new ratio.
7. What are tangible assets?
8. Mention the sources of dividend.
9. What is meant by Accounting Standards?
10. What are the main objectives of Accounting Standards?

PART – B

ANSWER ANY FOUR QUESTIONS:

(4 x 10 = 40 marks)

11. Distinguish between 'Trial Balance' and 'Balance Sheet'.
12. What is the permissible managerial remuneration payable under the Companies Act 2013?
13. Explain the advantages and disadvantages of Accounting Standards.
14. A firm earns a profit of Rs. 15,000 per year. In the same business a 10% return is generally expected. The total assets of the firm are Rs. 2,00,000. The value of other liabilities is Rs. 60,000. Find out the value of goodwill by Capitalisation method.
15. From the following particulars, prepare Machinery A/c for 3 years under straight line method.

Price of the machine: Rs. 36,000

Freight charges: Rs. 2,500

Installation charges: Rs. 1,500

Life of the machine: 5 years

16. Journalise the following transactions in case of retirement of a partner and also calculate the net result of revaluation:

- (a) Sale of scraps worth Rs.6,000
- (b) Sale of unrecorded equipments for Rs. 14,000
- (c) Payment of unrecorded liability amounted to Rs. 22,000
- (d) Unclaimed liability amounts to Rs. 7,000
- (e) Book value of Debtors is Rs. 40,800. Out of this amount, Rs.800 proves to be bad. Provision for bad debts is to be created at 5% and provision for discounts is to be maintained @ 2%.

17. As per Schedule VI, prepare the Balance Sheet of a Company from the following balances.

Goodwill	Rs. 1,50,000	Investments	Rs.2,00,000
Share capital	Rs. 5,00,000	Reserves	Rs. 1,10,000
Securities premium	Rs. 15,000	Preliminary expenses	Rs. 10,000
Stock	Rs. 80,000	Debtors	Rs. 60,000
Bank balance	Rs. 30,000	Unsecured loan	Rs. 65,000
Sundry creditors	Rs. 35,000	Profit and Loss A/c (Cr)	Rs.25,000
Debentures	Rs. 2,50,000	Other fixed assets	Rs. 4,70,000

PART – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40 marks)

18. The following are the balances extracted from the books of Ganesh as on 31.12. 2017. Prepare Trading and Profit & Loss Account for the year ending 31.12.2017 and a balance sheet as on that date.

Debit balances	Rs.	Credit balances	Rs.
Drawings	4,000	Capital	20,000
Cash at bank	1,700	Sales	16,000
Cash in hand	6,500	Sundry creditors	4,500
Wages	1,000		
Purchase	2,000		
Stock 1.1.2017	6,000		
Buildings	10,000		
Sundry debtors	4,400		
Bills receivable	2,900		
Rent	450		
Commission	250		
General expenses	800		

Furniture	500		
	40,500		40,500

The following adjustments are to be made:

- (a) Stock on 31.12.2017 was Rs. 4,000
- (b) Interest on capital at 6% to be provided
- (c) Interest on drawings at 5% to be provided
- (d) Wages yet to be paid Rs. 100
- (e) Rent prepaid Rs. 50

19. Explain in detail the objectives and causes of depreciation.

20. Sunil, Devan and Ravi are equal partners in a firm and their Balance Sheet as on 31.12.2015 is given below:

Liabilities	Rs.	Assets	Rs.
Creditors	40,500	Machinery	43,500
Reserve	4,500	Furniture	1,500
Capital:		Debtors	30,000
Sunil	15,000	Stock	15,000
Devan	12,000		
Ravi	18,000		
	90,000		90,000

Ravi retired on 31.12.2015 and assets were revalued as under:

Machinery Rs.51,000, Furniture Rs.1,200, Debtors Rs.28,500, Stock Rs.14,700. Goodwill of the firm is valued at Rs.9,000 and Ravi's share of goodwill is to be adjusted to continuing partners' capital without raising goodwill account. Give Journal entries, prepare necessary Ledger accounts and new Balance sheet.

21. The following trial balance of Nallis Ltd. as at 30th Dec. 2015 is as follows:

Debit	Rs.	Credit	Rs.
Stock (1.1.2015)	80,000	8,000 equity shares of	
Bank	17,600	Rs.100 each, Rs.75 paid	6,00,000
Patents	60,000	6% Debentures	2,00,000
Calls-in-arrears	20,000	Sundry creditors	1,00,000
Returns inwards	30,000	General reserve	80,000
Purchases	7,72,000	Sales	10,00,000
Wages	1,08,000	Returns outward	20,000
Insurance prepaid	400	P & L A/c (Cr)	12,000
Bills receivable	30,000		
Sundry debtors	80,000		
Discount on issue of debentures	10,000		
Plant and machinery	4,00,000		
Land & Buildings	3,00,000		
Insurance	4,000		
General expenses	40,000		
Establishment expenses	60,000		
	20,12,000		20,12,000

Additional information:

- (i) Closing stock as on 31.12.2015 was Rs. 74,000
- (ii) Outstanding wages totalled Rs. 10,000
- (iii) A provision 5% is to be created on sundry debtors for doubtful debts.
- (iv) Depreciate patents @ 10% and Plant & Machinery @ 7 ½ % and on Land & Buildings @ 4%.

As per Schedule VI, Prepare statement of Profit & Loss for the year ended 31.12.2015 and the balance sheet as on that date.
