

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL 2010

CO 3104 / 3102 - ACCOUNTS & BUSINESS APPLICATIONS

Date & Time: 28/04/2010 / 1:00 - 4:00

Dept. No.

Max. : 100 Marks

PART –A

ANSWER ALL QUESTIONS

(10x 2 =20)

- Classify the following items into Personal, Real and Nominal Accounts:
(a) Selling Expenses (b) Loyola College (c) Sales (d) Laptop
- What is book keeping?
- Write a note on convention of conservatism.
- State the objectives of preparing trial balance.
- What is Common size statement?
- Compute the rate of depreciation under Straight Line Method:
Cost of Fixed Asset Rs.1120000
Installation Charges Rs.120000
Estimated life 10 years
Scrap Value Rs.200000
- From the following details prepare a Trial Balance as on 31-3-2008
Suppliers a/c. Rs.20000 Cash Rs.15000 Capital Rs.40000
Rent Rs.35000 Furniture Rs.60000 Interest Received Rs.25000
Bank Loan Rs.65000 Motor Bike Rs.50000
- Rectify the following errors:
(a) A payment of Rs.500 for the installation of computer debited to office expenses
(b) Goods sold to Arun amounting to Rs.5000 has been wrongly passed through purchases book
- Rohit sells goods on cash as well as credit basis. The following particulars are obtained from his books:
Total Purchases Rs.173000 Credit Purchases Rs.73000
Creditors (1.1.07) Rs.25000 Bills Payable (1.1.07) 25000
Creditors (31.12.07) Rs.45000 Bills Payable (31.12.07) Rs.15000
You are required to calculate (a) Creditors turn over ratio (b) Average payment period.
- Compute the amount of dividend paid during 2007
Proposed dividend on 1.1.2007 Rs.100000
Proposed dividend on 31.12.2007 Rs.80000
Dividend debited to P& L appropriation account Rs.120000

PART –B

ANSWER ANY FIVE QUESTIONS

(5 x 8= 40)

- Differentiate Single entry system from double entry system.
- Write short notes on:
(a) Trade Discount
(b) Cash Flow Statement
(c) Depreciation
(d) Petty Cash Book
- What is Ratio Analysis? What are its uses?
- M/s. Axle Ltd bought a Machine costing Rs.40000 on 1.4.2005. On 1.10.2006, the company bought another machine costing Rs.20000. On 30.9.2007, the machine bought on 1.4.2005 was sold for Rs.32000. Depreciation is to be provided on Written down value basis @10% p.a. and the accounting year ends on 31st March every year. You are required to prepare Machinery a/c and Depreciation a/c. for three years.
- Sundaram was carrying on business in readymade clothes. Transactions relating to his business are as follow

Sept. 1, 2008

Purchased on credit from K.Lal

100 shirts @ Rs.200 per shirt

200 pants @ Rs.300 per pant

Trade discount on above items @ 5%

Sept. 15, 2008

Returned to K.Lal

5 Shirts & 2 pants

Sept. 25, 2008

Returned by Prem

Sept. 5, 2008	2 Shirts & 2 pants
<u>Sold to Prem on credit</u>	Sept. 30, 2008
50 shirts @ Rs.300 per shirt	<u>Sold to Antony on credit</u>
75 pants @ Rs.450 per pant	25 shirts @ Rs.320 per shirt
Trade discount on above items @ 5%	30 pants @ Rs.450 per pant
Prepare Subsidiary books.	Trade discount on above items @ 5%

16. Balance sheet of Motilal Traders as on 31-3-2008

Liabilities	Rs.	Assets	Rs.
Share Capital	400000	Land & Buildings	560000
Reserves	80000	Plant	240000
P & L account	120000	Stock	160000
Secured Loans	320000	Debtors	80000
Creditors	200000	Bills Receivable	40000
Provision for tax	80000	Cash	120000
	1200000		1200000

Calculate: (a) Current Ratio (b) Liquid ratio (c) Debt-equity ratio (d) Fixed assets ratio

17. Prepare a Bank Reconciliation statement from the following information:

- Balance as per Cash Book Rs.25450
- Of the cheques deposited into bank, one cheque for Rs.500 was not credited in the pass book
- Of the cheques issued to suppliers for Rs.5000, only cheques for Rs.4500 were presented to the bank for payment.
- The bank has collected dividend Rs.700, which is not entered in the cash book
- Our banker has paid Corporation Tax as per our standing instructions for Rs.2000 which is not recorded in the cash book
- Bank charges Rs.20
- Direct deposit made by our customer Rs.300
- The bank column of cash book receipt side was overcast by Rs.250

18. Dare & Co. Ltd, Mumbai furnishes the following Balance Sheets for the years 2006 & 2007. Prepare common-size balance sheets.

Liabilities	2006 (Rs.)	2007 (Rs.)	Assets	2006 (Rs.)	2007 (Rs.)
Share Capital	100000	150000	Land & Buildings	200000	200000
Reserves	300000	350000	Machinery	300000	500000
10% Debentures	100000	150000	Stock	100000	150000
Creditors	150000	250000	Debtors	100000	125000
Bills Payable	50000	40000	Bills Receivable	50000	25000
Bank Overdraft	50000	60000			
	750000	1000000		750000	1000000

PART -C

ANSWER ANY TWO QUESTIONS

(2 x 20=40)

19. From the following trial balance prepare a trading and profit & loss account for the year ended 31-3-2008 and a Balance Sheet as on that date

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		71000
Cash	3900	
Purchase	41000	
Sales		98800
Return inwards	600	
Return outwards		500
Wages	10500	
Power	4000	
Salaries	15000	
Carriage inward	3200	
Carriage outward	2000	
Stock (1.4.2007)	5800	

Buildings	40000	
Plant	20000	
Furniture	7500	
Debtors	14500	
Creditors		6000
Provision for bad & doubtful debts		300
General expenses	2500	
Bad Debts	500	
Insurance	600	
Drawings	5000	
	176600	176600

Adjustments:

- Stock as on 31.3.2008 Rs.50000
- Wages outstanding Rs.1500
- Insurance prepaid for a quarter
- Charge interest on Drawings @10%
- Write off further bad debts Rs.500 and provide for bad & doubtful debts @5%.

20. Mr.Rajkumar started business on 1st April 2008. The following were the transactions during the month of April 2008.

Date	Particulars	Rs.
2008, April 1	Started business with Cash	100000
2	Paid into bank	20000
7	Bought furniture from Modern Furniture Ltd	10000
10	Bought goods from Mohan on credit	10000
12	Sold goods to Siva on credit	20000
15	Paid Modern Furniture Ltd.	10000
16	Paid Wages	3000
18	Payment made to Mohan by cheque	10000
20	Received from Siva	20000
25	Cash Sales	50000
28	Cash Purchases	40000
29	Drawings made	2000
30	Paid Salaries by cheque	6000

Give journal entries and prepare ledger accounts for the month of April 2008.

21. The summarised Balance Sheets of Khan Ltd. as on 31.12.06 & 31.12.07 are as follows:

Liabilities	2006 (Rs.)	2007 (Rs.)	Assets	2006 (Rs.)	2007 (Rs.)
Share Capital	450000	450000	Fixed Assets	400000	320000
General Reserve	300000	310000	Investments	50000	60000
P& L Account	56000	68000	Stock	240000	210000
Creditors	168000	134000	Debtors	210000	455000
Tax Provision	75000	10000	Bank	149000	197000
Mortgaged Loan		270000			
	1049000	1242000		1049000	1242000

Additional Details:

- Investment costing Rs.8000 were sold for Rs.8500
 - Tax provision made during year was Rs.9000
 - During the year part of the fixed assets costing Rs.10000 was sold for Rs.12000 and the profit was included in P& L account.
- You are required to prepare Cash Flow Statement for 2007.

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