



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2022

### UCO 1301 – BUSINESS ACCOUNTING

Date: 01-12-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

<b>SECTION A</b>		<b>(20 X 1 =20)</b>	
<b>Answer ALL the Questions</b>			
<b>1.</b>	<b>Explain the following</b>	<b>(5 x 1 = 5 Marks)</b>	
a.	Accounting	K1	CO1
b.	Balance sheet	K1	CO1
c.	Cost of production	K1	CO1
d.	Ratios Analysis	K1	CO1
e.	Marginal costing	K1	CO1
<b>2.</b>	<b>Fill in the blanks</b>	<b>(5 x 1 = 5 Marks)</b>	
a.	Trial balance is used to check the _____.	K1	CO1
b.	Warehouse rent is a part of _____overhead.	K1	CO1
c.	Fixed cost is reduced from Contribution to find _____.	K1	CO1
d.	The assets that can be easily converted into cash within a short period, i.e., 1 year or less are known as _____	K1	CO1
e.	The Net Profit or Loss is Transferred to _____	K1	CO1
<b>3.</b>	<b>Match the following</b>	<b>(5 x 1 = 5 Marks)</b>	
a.	Copyrights and Patents – Estimation of cost	K2	CO1
b.	Bad debts – Cost of Goods sold + profit	K2	CO1
c.	Sales – Current assets - Current liabilities	K2	CO1
d.	Tender - Intangible Assets	K2	CO1
e.	Working Capital – Nominal Account	K2	CO1
<b>4.</b>	<b>True or False</b>	<b>( 5 x 1 = 5 Marks)</b>	
a.	The process of taking entries from subsidiary Books to ledger is called posting.	K2	CO1
b.	Assets are held in the business for the purpose of earning revenue.	K2	CO1
c.	Counting house salaries are a part of selling and distribution overhead.	K2	CO1
d.	When current ratio is 2:1 and if equal increase in current assets and current liabilities would increase the current ratio.	K2	CO1
e.	P/V Ratio of a product indicates its profit potential.	K2	CO1
<b>SECTION B</b>			
<b>Answer any TWO questions</b>		<b>(2 x 10 = 20 Marks)</b>	
<b>5.</b>	Journalize the following transactions in the books of Rathna Kumar. January 1 Commenced business with capital 5,00,000 5 Bought furniture for cash 6,000 10 Purchased goods for cash 10,000 15 Bought goods on credit from Jayanthi 25,000 18 Returned goods to Jayanthi 2,500 20 Sold goods for cash 32,000 25 Sold goods to Elizabeth on credit 72,000 30 Paid salaries to Krishnan by cash 7,000 31 Received commission from Kumar by cash 2,800	K3	CO2

31 Received cash from Elizabeth 22,000

6.

Following data are extracted from the books of Prem Kumar for the year 2020

K3

CO2

Rs

Opening stock of raw materials	25,000
Closing stock of raw materials	40,000
Purchase of raw materials	85,000
Carriage inwards	5,000
Wages direct	75,000
Wages indirect	10,000
Other direct charges	15,000
Rent and rates – Factory	5,000
- Office	500
Indirect consumption of materials	500
Depreciation of plant	1,500
Depreciation of office furniture	100
Salary – office	2,500
Salary -salesmen	2,000
Other office expenses	9,000
Other factory expenses	5,700
Managing directors Remuneration	12,000
Other selling expenses	1,000
Travelling expenses	1,000
Carriage outwards	1,000
Sales	2,50,000
Advance income tax paid	15,000
Advertisement	2,000

Managing director's remuneration is allocated is Rs 4000 to the factory, Rs 2,000 to the office and Rs 6000 to the selling department. From the above information find out:

- a) Prime Cost b) Works Cost c) Cost of production d) Cost of sales e) Net Profit.

7.

From the following financial statements of X Ltd calculate (i) Current ratio (ii) Liquid ratio (iii) Gross profit ratio (iv) Net profit Ratio (v) Net profit to capital employed (vi) Fixed Assets turnover (vi) Sales to capital employed and (viii) Debtors turnover:

K3

CO2

Particulars	Rs	Rs
Sales:		
Cash sales	64,000	
Credit sales	6,84,000	7,48,000
Less : Cost of sales		5,96,000
Gross profit		152000
Less expenses:		
Warehouse and transport	48000	
Administration	38000	
Selling	28000	118000
Debenture interest	4000	34000
Net profit		

Balance sheet as at 31-12-1982			
Liabilities	Rs	Assets	Rs
Share capital	1,50,000	Fixed Assets	80,000
Reserves	60,000	Current Assets:	
Profit & Loss A/C	24,000	Stock	1,88,000
Debentures	60,000	Debtors	1,64,000
Current liabilities	152,000	Cash	14,000
	4,46,000		3,66,000
			4,46,000

8. Chennai Corporation Ltd., has prepared the following budget estimates for the year 2020-2021:
- Sales units - 15,000  
Fixed Expenses - Rs.34,000  
Sales Value - Rs.1,50,000  
Variable Costs - Rs.6 per unit.
- You are required to:  
(a) Find P/V Ratio, B.E.P. and Margin of Safety

K3

CO2

### SECTION C

Answer any TWO Questions

(2 x 10 = 20 Marks)

9. Prepare Trial balance as at 31.12.94 from the following balances of Thiru. Ragu
- |                  |        |                   |          |
|------------------|--------|-------------------|----------|
| Drawings         | 4,800  | Purchases         | 1,75,000 |
| Stock (1.1.94)   | 30,000 | Discount received | 1,000    |
| Capital          | 50,000 | Discount allowed  | 950      |
| Furniture        | 13,000 | Repairs           | 1,000    |
| Sundry Creditors | 15,000 | Sales             | 2,35,350 |
| Printing Charges | 1,200  | Factory rent      | 2,500    |
| Coal             | 1,600  | Sundry expenses   | 1,000    |
| Bank loan        | 20,000 | Bills receivable  | 12,500   |
| Freight          | 3,500  | Carriage outwards | 1,500    |
| Income tax       | 9,500  | Insurance         | 600      |
| Machinery        | 65,000 | Bills payable     | 1,700    |
| Reserve fund     | 600    | Building          | 19,000   |

K4

CO3

10. The Following balances were extracted from the books of Prasad on 31<sup>st</sup> March 2020.
- |                     | Rs     |                   | Rs       |
|---------------------|--------|-------------------|----------|
| Capital             | 50,000 | Creditors         | 5,000    |
| Drawings            | 4,000  | Bad Debts         | 1,100    |
| General expenses    | 5,000  | Loan              | 15,760   |
| Buildings           | 22,000 | Sales             | 1,30,720 |
| Machinery           | 18,680 | Purchases         | 94,000   |
| Stock               | 32,400 | Motor car         | 4,000    |
| Power               | 4,480  | Reserve Fund (Cr) | 1,800    |
| Taxes and Insurance | 2,630  | Commission (Cr)   | 2,640    |
| Wages               | 14,400 | Car Expenses      | 3,600    |
| Debtors             | 12,560 | Bills payable     | 6,700    |

K4

CO3

Bank Overdraft	6,600	Cash	160
Charity	210		

Stock on 31<sup>st</sup> March 2020 valued at Rs 47000. Prepare the Final Accounts for the year ended on 31<sup>st</sup> March 2020.

<b>11.</b>	Given: Current Ratio = 2.6 Liquid Ratio = 1.4 Working capital = 1,10,000 Calculate: a) Current Assets b) Current liabilities c) Liquid Assets d) Stock	K5	CO4
<b>12.</b>	From the following particulars, Calculate B.E.P Sales Rs 1,00,000 Variable cost Rs 60,000 Fixed overheads Rs 15,000 Also calculate New B.E.P if a) Selling price is reduced by 10% b) Variable cost increase by 10% c) Fixed overhead increase by 10%	K5	CO4

**SECTION D**

**Answer any ONE Question (1 x 20 = 20 Marks)**

<b>13.</b>	Prepare Trading and Profit and Loss account for the year ended December 31 <sup>st</sup> 2020 and a balance sheet as that date from the following Trial Balance of Mr.David..	K5	CO4																																																																																																
	<table border="1"> <thead> <tr> <th></th> <th>Rs</th> <th></th> <th>Rs</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td>45,000</td> <td>Capital</td> <td>1,60,000</td> </tr> <tr> <td>Goodwill</td> <td>90,000</td> <td>Bills payable</td> <td>35,000</td> </tr> <tr> <td>Buildings</td> <td>60,000</td> <td>Creditors</td> <td>70,000</td> </tr> <tr> <td>Machinery</td> <td>40,000</td> <td>Purchase returns</td> <td>2,650</td> </tr> <tr> <td>Bills receivable</td> <td>6,000</td> <td>Sales</td> <td>2,18,000</td> </tr> <tr> <td>Opening stock</td> <td>40,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td>51,000</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td>26,000</td> <td></td> <td></td> </tr> <tr> <td>Carriage outwards</td> <td>500</td> <td></td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td>1,000</td> <td></td> <td></td> </tr> <tr> <td>Salaries</td> <td>35,000</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td>3,000</td> <td></td> <td></td> </tr> <tr> <td>Discount</td> <td>1,100</td> <td></td> <td></td> </tr> <tr> <td>Repairs</td> <td>2,300</td> <td></td> <td></td> </tr> <tr> <td>Bank</td> <td>25,000</td> <td></td> <td></td> </tr> <tr> <td>Cash</td> <td>1,600</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td>45,000</td> <td></td> <td></td> </tr> <tr> <td>Bad debts</td> <td>1,200</td> <td></td> <td></td> </tr> <tr> <td>Sales return</td> <td>2,000</td> <td></td> <td></td> </tr> <tr> <td>Furniture</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>Advertisements</td> <td>3,500</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td>450</td> <td></td> <td></td> </tr> <tr> <td></td> <td>4,85,650</td> <td></td> <td>4,85,650</td> </tr> </tbody> </table> <p>Adjustments:  i) Closing stock was Rs 35,000  ii) Depreciation on machinery and furniture by 10%  iii) Outstanding wages Rs 1,500  iv) Prepaid advertisements Rs 500  v) Create 5% on debtors for bad debts as provision</p>		Rs		Rs	Drawings	45,000	Capital	1,60,000	Goodwill	90,000	Bills payable	35,000	Buildings	60,000	Creditors	70,000	Machinery	40,000	Purchase returns	2,650	Bills receivable	6,000	Sales	2,18,000	Opening stock	40,000			Purchases	51,000			Wages	26,000			Carriage outwards	500			Carriage inwards	1,000			Salaries	35,000			Rent	3,000			Discount	1,100			Repairs	2,300			Bank	25,000			Cash	1,600			Debtors	45,000			Bad debts	1,200			Sales return	2,000			Furniture	6,000			Advertisements	3,500			General expenses	450				4,85,650		4,85,650		
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14.	<p>The following details have been obtained from the cost records of Laxmi Ltd.</p> <table border="1" data-bbox="327 174 1109 840"> <tr><td>Stock of raw materials on 1.12.2010</td><td>Rs 75,000</td></tr> <tr><td>Stock of raw materials on 31.12.2010</td><td>Rs 91,500</td></tr> <tr><td>Direct Wages</td><td>Rs 52,500</td></tr> <tr><td>Indirect wages</td><td>Rs 2,750</td></tr> <tr><td>Sales</td><td>Rs</td></tr> <tr><td>Work-in-progress 1.12.2010</td><td>2,11,000</td></tr> <tr><td>Work-in-progress 31.12.2010</td><td>Rs 28,000</td></tr> <tr><td>Purchases of raw materials</td><td>Rs 35,000</td></tr> <tr><td>Factory rent, rates and power</td><td>Rs 66,000</td></tr> <tr><td>Depreciation of plant and machinery</td><td>Rs 15,000</td></tr> <tr><td>Expenses on purchases</td><td>Rs 3,500</td></tr> <tr><td>Carriage outwards</td><td>Rs 1,500</td></tr> <tr><td>Advertising</td><td>Rs 2,500</td></tr> <tr><td>Office rent and taxes</td><td>Rs 3,500</td></tr> <tr><td>Traveler's wages and commission</td><td>Rs 2,500</td></tr> <tr><td>Stock of finished goods (1.12.2010)</td><td>Rs 6,500</td></tr> <tr><td>Stock of finished goods (31.12.2010)</td><td>Rs 54,000</td></tr> <tr><td></td><td>Rs 31,000</td></tr> </table> <p>Prepare a cost sheet giving the maximum possible break up of costs and profit.</p>	Stock of raw materials on 1.12.2010	Rs 75,000	Stock of raw materials on 31.12.2010	Rs 91,500	Direct Wages	Rs 52,500	Indirect wages	Rs 2,750	Sales	Rs	Work-in-progress 1.12.2010	2,11,000	Work-in-progress 31.12.2010	Rs 28,000	Purchases of raw materials	Rs 35,000	Factory rent, rates and power	Rs 66,000	Depreciation of plant and machinery	Rs 15,000	Expenses on purchases	Rs 3,500	Carriage outwards	Rs 1,500	Advertising	Rs 2,500	Office rent and taxes	Rs 3,500	Traveler's wages and commission	Rs 2,500	Stock of finished goods (1.12.2010)	Rs 6,500	Stock of finished goods (31.12.2010)	Rs 54,000		Rs 31,000	K5	CO4
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**SECTION D**

**Answer any ONE Question (1 x 20 = 20 Marks)**

15.	<p>From the following information, you are required to prepare a Balance Sheet.</p> <p>(a) Current Ratio 1.75  (b) Liquid Ratio 1.25  (c) Stock Turn-cover Ratio – (Cost of Sales/Closing Stock) - 9.  (d) Gross Profit Ratio 25%  (e) Debt Collection Period 1 ½ Months  (f) Reserves and Surplus to Capital 0.2  (g) Turn Over to Fixed Assets – (Based on Cost of Sales) – 1.2.  (h) Capital Gearing Ratio - 0.6  (i) Fixed Assets to Net Worth 1.25  (j) Sales for the year - Rs 12,00 000</p>	K6	CO5
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16.	<p>The sales and profit for 2017 and 2018 are as follows:</p> <table border="1" data-bbox="406 1563 933 1724"> <thead> <tr> <th></th> <th>Sales (Rs)</th> <th>Profit (Rs)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>1,50,000</td> <td>20,000</td> </tr> <tr> <td>2018</td> <td>1,70,000</td> <td>25,000</td> </tr> </tbody> </table> <p>Find out:</p> <p>a) P/V Ratio  b) B.E.P  c) Sales for a profit of Rs 40,000  d) Profit for sale of Rs 2,50,000  e) Margin of safety at a profit of Rs 50,000</p>		Sales (Rs)	Profit (Rs)	2017	1,50,000	20,000	2018	1,70,000	25,000	K6	CO5
	Sales (Rs)	Profit (Rs)										
2017	1,50,000	20,000										
2018	1,70,000	25,000										

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