

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.C.A. DEGREE EXAMINATION – COMPUTER APPLICATIONS

THIRD SEMESTER – NOVEMBER 2019

17/18UCO3AL03 – BUSINESS ACCOUNTING

Date: 06-11-2019

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

PART A

ANSWER ALL THE QUESTIONS:

10X2 = 20 Marks

1. Define the term 'Accounting'.
2. Total assets Rs.50 Lakhs; Total liabilities Rs.35 Lakhs. Find out the Capital.
3. If the Current Ratio is 2.5 and Working Capital Rs.30,000. Find out the value of Current Assets and Current Liabilities.
4. The Debtors Velocity is 60 Days and Creditors Velocity is 90 Days. Comment on the receivable management of the company.
5. If the Break Even Point is Rs.5,00,000 and Variable Cost is Rs.3,00,000; then find out the P/V Ratio and Profit.
6. If the Actual Sales - Rs.50,00,000; Variable cost – Rs.30,00,000; and Fixed cost – Rs.10,00,000; then find out the value of Margin of Safety.
7. Calculate prime cost, if the direct materials Rs.5,00,000; direct labour Rs.3,00,000; direct expenses Rs.2,00,000; variable overheads Rs.2,00,000 and office expenses Rs.22,500.
8. If Cost of Sales Rs.2,50,000 and Profit on Sales 20%; then find out the value of Sales and Profit.
9. State the uses of TALLY – Accounting Software.
10. What is ERP?

PART B

ANSWER ANY **FOUR** QUESTIONS:

4X10 = 40 Marks

11. Brief the accounting concepts with suitable examples.
12. Define the term 'Ratio'. Explain the different methods of classifying ratios.
13. Calculate the Creditors Turnover Ratio and Average Payment Period:

Details	Rs.
Credit purchase in 2018	10,00,000
Creditors on 1.1.2018	2,00,000
Creditors on 31.12.2018	1,00,000
Bills Payable on 1.1.2018	40,000
Bills Payable on 31.12.2018	60,000
Credit Sales in 2018	14,00,000
Debtors on 31.12.2018	3,00,000
Bills Receivable on 31.12.2018	3,00,000

14. From the following information relating to James Bros. Ltd., you are required to find out: (a) P/V Ratio; (b) Break Even Point; (c) Profit; (d) Margin of Safety; (e) Volume of sales to earn a profit of Rs.6,000:

Details	Rs.
Total fixed cost	4,500
Total variable cost	7,500
Total sales	15,000

15. Suggest the most profitable product mix and find out the maximum profit that can be earned by the business, assuming power as the key factors:

Details	Product I	Product II
Sales	Rs.80,000	Rs.1,00,000
Variable Cost	Rs.60,000	Rs.70,000
Total Fixed Cost (<i>Rs.20,000 per month</i>)	Rs.10,000	Rs.10,000
Power (<i>in units</i>)	2,000 Units	4,000 Units

Due to power shortage, power allocated to this factory is 5,000 units.

16. Prepare a cost sheet from the following details:

Raw materials consumed	Rs.80,000
Wages	Rs.20,000

Works expenses are charged at 100% of wages. Office overhead is charged at 25% on works cost and selling overhead at 10% on works cost.

17. Explain the limitations of maintaining computerized accounting records and how will you overcome it?

PART C

ANSWER ANY TWO QUESTIONS:

2X20 = 40 Marks

18. From the following trial balance prepare a trading and profit and loss account for the year ending 31st December 2001 and a balance as an that date:

Debit balance	Rs.	Credit balance	Rs.
Sundry debtors	1,500	Capital	25,000
Stock 1 st Jan 2001	5,000	Interest	600
Land and buildings	10,000	Sundry creditors	7,000
Cash in hand	1,600	Sales	17,000
Cash at bank	4,000	Bills payable	4,000
Wages	3,000		
Bills receivable	2,000		
Interest	200		
Bad debts	500		
Repairs	300		
Furniture and fixtures	1,500		
Depreciation	1,000		
Rent, rates and taxes	800		
Salaries	2,000		
Drawings	2,000		
Purchases	10,000		
Office expenses	2,500		
Plant and Machinery	5,700		
Total	53,600	Total	53,600

Adjustments:

- a) On 31st December 2001, the stock was valued at Rs.10,000.
 - b) Depreciation on furniture by 10%
 - c) Outstanding wages Rs. 1,500
 - d) Create 5% on debtors for bad debts as provision.
19. Given below is the summarized balance sheet and profit and loss of Mary Sugar Mills Ltd., as on 31st Dec 2018:

Liabilities	Rs.	Assets	Rs.
Issued Capital: <i>(40,000 Shares of Rs.100 each)</i>	40,00,000	Land and Building	30,00,000
Reserves	18,00,000	Plant and Machinery	16,00,000
Creditors	26,00,000	Stock	29,60,000
Profit and Loss Account	6,00,000	Debtors	14,20,000
6% Debentures	6,00,000	Cash at bank	6,20,000
Total	96,00,000	Total	96,00,000

Total Sales Rs.170 Lakhs; Gross Profit Rs.68 Lakhs; Net Profit Rs.30 Lakhs;
You are required to

- (i) Calculate liquidity, solvency, turnover and profitability ratios.
- (ii) Assess the financial, efficiency and profitability position of the Company.

20. The sales and profit for 2017 and 2018 are as follows:

Period	Sales Rs.	Profit Rs.
2017	1,20,000	9,000
2018	1,40,000	13,000

Find out:

- a. Break Even Point in Rs.
- b. Profit for sales of Rs.1,00,000.
- c. Sales required to earn a profit of Rs.20,000.
- d. Margin of safety at a profit of Rs.15,000 and
- e. Variable cost in 2018.

21. The following details have been obtained from the cost records of James Raaj Ltd.:

Details	Rs.
Stock of Raw Materials on 1 st Dec 2018	75,000
Stock of Raw Materials on 31 st Dec 2018	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work-in-progress 1 st Dec 2018	28,000
Work-in-progress 31 st Dec 2018	35,000
Purchases of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Traveler's wages and commission	6,500
Stock of finished goods on 1 st Dec 2018	54,000
Stock of finished goods on 31 st Dec 2018	31,000

Prepare a Cost Sheet giving the maximum possible break up of costs and profit.

@ @ @ @ @ @