



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SECOND SEMESTER – APRIL 2017

### 16UBU2MC01- FINANCIAL ACCOUNTING

Date: 25-04-2017  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

#### PART – A

Answer **ALL** the questions:

(10 X 2=20)

1. Why Final Accounts are prepared?
2. Write short note on Obsolescence.
3. What do you mean by average clause in an insurance policy?
4. Explain the term Goods in Transit.
5. Write a note on IFRS. (20.5)
6. Write the adjusting entries for closing stock and outstanding expenses.
7. A & B are sharing profits in the ratio of 4:3. They admit C into partnership for  $\frac{1}{3}$ <sup>rd</sup> share in future profit. Calculate the new profit sharing ratio.
8. A machine was purchased for ₹ 10000 the estimate life is 3 years and the scrap value is ₹ 1000. Find the rate of depreciation, under Straight Line method.
9. Stock of ₹ 200000 of M/s. Print shop Co, has been insured for ₹ 170000. Loss due to fire is assured as ₹ 190000. Calculate what claim the insured would get from the insurance company.
10. P, Q and R are sharing profits in the ratio of 2:2:1, Q retires and the new profit ratio agreed between the continuing partners P and R is 4:3. Calculate the Gaining ratio.

#### PART – B

Answer any **FOUR** Questions:

(4X10=40)

11. Explain the meaning and objectives of Indian Accounting Standards.
12. What are the factors taken into account while calculating the amount of depreciation?
13. Rice, Wheat and Tea are partners sharing profits and losses in the ratio of 4:3:2. Tea retires from the firm and for this following were revalued;
  - a. Stock to be reduced by ₹ 5000
  - b. Machinery to be depreciated by ₹ 6000
  - c. Furniture to be brought down by ₹ 4000
  - d. An outstanding liability has to be provided at ₹ 2000
  - e. Building to be increased by ₹ 26000

The continuing partners decide not to show the revised value of assets and liabilities other than cash in their new books. Prepare a Memorandum Revaluation Account.

14. Vinay Ltd purchased a machine for ₹ 150000 on 1<sup>st</sup> July 2003. On 1<sup>st</sup> Jan 2004 another machine was purchased for ₹ 50000. On 31<sup>st</sup> Dec 2005, the machine purchased on 1<sup>st</sup> July 2003 became obsolete and was sold for ₹ 100000. Depreciation 10% p.a. on written down value to be provided. The accounts are closed on 31<sup>st</sup> December every year. Prepare Machinery Account.

15. A fire occurred in premises of M/s Ezhil Co., on 10<sup>th</sup> September 2008. All stock was destroyed except to the extent of ₹ 6200. From the following figures, ascertain the loss suffered and claim to be made by the business. There is no average clause in the policy.

	₹
Stock on 1.1.2007	40000
Purchases during 2007	145000
Sales during 2007	200000
Purchases from 1.1.2008 to the date of fire	152200
Sales from 1.1.2008 to the date of fire	189000
Stock on 31.12.2007	25000

16. A head office has a branch at Erode to which goods are sent at invoice price which is cost plus 25%. From the following particulars, prepare the branch A/c in the books of head office.

Debtors on 1.1.2006	20,000
Stock on 1.1.2006	10,000
Cash sales	2,00,000
Credit sales	1,50,000
Cash collected from debtors	85,000
Debtors on 31.12.2006	?
Stock on 31.12.2006	8,500
Goods sent to branch	50,000

17. From the following balances taken from the books of Shri Ram as on 31.3.2006. Prepare Trading and Profit & Loss account on the date

Particulars	₹	Particulars	₹
Stock on 1.4.2005	2500	Purchases	20000
Insurance	10000	Wages	500
Carriage Inwards	200	Commission received	1000
Sales returns	5000	Purchase returns	2000
Stationery	750	Office expenses	550
Sales	50000	Discount Allowed	100

Adjustments: a. Closing stock was valued at ₹ 15000.

**PART – C**

Answer any **TWO** Questions:

**(2 X 20 = 40)**

18. Enumerate the procedure for treatment of Goodwill on retirement as per AS – 10.

19. From the following balances taken from Sri. Vimal on 31<sup>st</sup> Dec. 2009, prepare the final statements:

Particulars	₹	Particulars	₹
Capital	300000	Purchase Returns	8460
Purchases	240000	Bad Debts	4200
Sales	421110	Bad Debts provision	9720
Drawings	52800	Insurance	3900
Opening Stock	34380	Discount Received	570
Rent (Cr.)	6300	Sales Returns	12720
Wages	18840	Buildings	75000
Carriage outwards	50820	Sundry Debtors	186210
Carriage inwards	6930	Furniture & Fittings	10500
Postage	4440	Salary	29610
Cash in hand and bank	47550	Admin. Expenses	4020
Additions to building	21000	Sundry Creditors	56760

Adjustments:

- a. Stock on 31<sup>st</sup> December 2009 is valued at ₹ 42870.
- b. Depreciate the existing building @2.5% and additions to building @2% and Furniture @ 10%.
- c. Write off bad debts from the book at ₹ 1710.
- d. Provision for bad debts on debtors @of 5 %.
- e. Salary outstanding was ₹ 1710.
- f. Rent to be received during the year 2009 is ₹ 400.
- g. Unexpired Insurance ₹ 720.
- h. Interest on capital @5%.

20. Toplid purchased a machine for ₹ 66000 and spent on its installation ₹ 9900 on 1.7.2004. On 1.1.2005, the company purchased a new machine for ₹ 39600. On 30.6.2006 the machinery purchased on 1.1.2005 was sold for ₹ 26400 and on 1.7.2006, a new machine was installed at a cost of ₹ 49500. The depreciation is @ 10% p.a. on diminishing balance method. The accounts are closed by the company on 31<sup>st</sup> March every year. Show the machinery account and Depreciation account for the first three years.

21. From the following data prepare Departmental Trading and P & L A/c and thereafter the combined

income account revealing the concern true for the period ended 31.12.2009.

Particulars	Dept. A ( ₹ )	Dept. B ( ₹ )
Stock (1.1.2009)	40000	-
Purchases	200000	20000
Wages	10000	1000
Transfer of goods from Dept. A	-	50000
Stock (31.12.2009)	30000	10000
Sales	200000	71000

B's entire stock represents goods from Dept. A, which was transferred to them @25% above the cost. Administration expenses came to ₹ 15000 to be allocated to A and B in the ratio of 4:1 respectively.

22. Raj, Vijay and Vasanth are partners sharing profits and losses in the ratio of 4:3:2. Their Balance Sheet as on 31.12.2008 is as follows:

Liabilities	₹	Assets	₹
Capital		Cash	25000
Raj	40000	Stock	30000
Vijay	30000	Debtors	30000
Vasanth	20000	Furniture	20000
Reserve Fund	30000	Land & Building	40000
Sundry Creditors	25000		
	<b>145000</b>		<b>145000</b>

They agreed to admit Kamal as a partner into the firm on the following terms:

- The stock to be valued at ₹ 40000
- Furniture to be depreciated by 10%
- Land & Building value to be appreciated by 20%
- The goodwill of the firm is fixed at ₹ 45000
- The goodwill account shall be written to the partners with the new profit sharing ratio
- Provision for bad debts to be created at 5% on debtors
- Kamal shall bring in ₹ 40000 as capital for his 1/3<sup>rd</sup> share.

Prepare Revaluation Capital account and the Balance Sheet of the new firm.

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