LOYOLA-INTERNATIONAL ACADEMIC COLLABORATION
LOYOLA COLLEGE CHENNAI – 600 034
BBA-FRANCE – END SEMESTER EXAMINATION

SECOND SEMESTER – NOVEMBER 2024
BBAFR 234 – FINANCIAL ACCOUNTING

Date: 11-11-2024 Dept. No. Max.: 100 Marks
Time: 09:00 am-12:00 pm

PART -A

ANSWER ALL THE QUESTIONS **(15x2=30 marks)**

1. Classify the following as current /non-current assets or current/noncurrent liabilities
   a. Receivables- b. Long-term loans
   c. Plant & Machinery d. Bank Overdraft
2. Differentiate Financial accounting and Management accounting .
3. State few reasons on why assets depreciate.
4. Give two objectives of a Cash flow statement.
5. State whether the following will carry a debit or credit balance
   a- Payables b. Outstanding Wages
   c. Prepaid insurance d. Rent received in advance
6. A start-up company often engages in the following activities. Classify of the following activities into Financing, Investing and Operating Activities accordingly.
   a. Client Services b. Obtaining a bank loan c.purchasing machinery
   d. Renting office space e. Paying utilities expenses f. owner investing money in business
7. Moon ltd sells a product to Lincy for $ 500.How does this transaction affect the accounting equation?
   A. Receivables increase by $500 ; Revenue increase by $ 500
   B. Cash increases by $500; Revenue increase by $500
   C. Payables increase by $500 ; Revenue increase by $500
   D. Reivevable increase by $ 500 ; Payables decrease by $ 500
8. A Motor car is purchased for $ 700,000; it is expected to be used for 10 years and get a scrap value of $100,000 during resale. What is the rate of depreciation to be charger per annum for this asset?
9. Indicate in which financial statement each item would most likely appear.
   a. Patent and copyrights b. Dividends Paid c. Rent expenses
   d. Sales e. Bank overdraft f. Cash from operating activities
10. An asset is purchased for $ 125,000 on 1.4.2020 and depreciated @ 10% using straight line method. The asset was found unfit and sold on 31.12.2023 for $ 45,000. The company closes its books on 31st December of each year. Indicate the profit or loss realized on the sale of the asset.
11. JKM &Co had an opening capital of $ 70,000, opening cash in hand $ 80,000 and opening stock of $ 40,000 on 1.4.2023. During the year the following details were collected. Purchase- $ 65,000, Sales- $

95,000, Wages paid to factory workers- $ 10,000, administration expenses - $ 7,0000, Loan obtained - $ 12,000, Closing inventory - $ 4500. Find the Cost of Sales and Gross profit of JKM & Co.

12. Give an example of a business transaction that has the following effect on the accounting equation.

    a. Increase in asset and increase in liability. b. Decrease in asset and decrease in liability.

13. Ben Ltd has plant and machinery worth $ 250,000 , bank loan of $ 57,000, Bank balance of $ 22,500, payables of $ 25,350 and recivables worth $1,500. What will be th equity of the company ?

14. A) Mr.Sam runs his own business, each time he withdraws money from his own business ,it is recorded in the books of accounts. This is due to the accounting concept named ------------------------.

    B) Mr. Sam does not spend all his profit and sets aside reserves for future losses. He does this due to the accounting principle names ------------------.

15. What is the need to analyse the liquidity and solvency of an organisation.

PART B

ANSWER ANY FOUR OF THE FOLLOWING (4x10=40 MARKS)

16. From the following account balancs of Diamond & Co prepare a Trial Balance for the year ending 31.12.2023

Particulars	₹	Particulars	₹
Furniture	3,400	Opening stock	40,200
Land	21,700	Provision for bad and doubtful debts	800
Drawings	400	Payables	2200
Bank Charges	100	Carriage inwards	150
Capital	50,000	Bills Payable	2100
Purchase Return	970	Bills Receivable	2030
Loan	10,000	Bad debts	500
Carriage outwards	200	Sales	7180
Advertisement	4,000	Sales return	570

17. Comment on if the cash flow gives any new insights to the financial statements . How is it different from a statement of profit and loss. From the below transactions categorize them into the three heads under cash flow and find the net cash flow from each activity.

    - Cash received from customers: $10,000
    - Cash received from sale of investments: $2,000
    - Cash paid to purchase equipment: -$4,000
    - Cash paid for rent: -$2,000
    - Cash paid for dividends: -$1,000
    - Cash paid for salaries: -$3,000
    - Cash received from bank loan: $5,000

18. Valeria Ltd purchased a machinery on 1.9.2016 for $ 500,000. An installation charge of $1,500, import license fee of $500, safety trial test of $ 500 and training given to employees $750. It was decided to depreciate the machinery @10% using reducing balance method. On 1.7.2019 the machinery was sold

for $215,000. Prepare the machinery account, accumulated depreciation account and the disposal account for the same. The company closes its book of accounts on 31st December every year.

19. Calculate the gross profit and net profit from the following particulars from the books of Peter as on 31st March 2023.

Particulars	$	Particulars	$
Capital	40,000	Sales	25,000
Purchases	15,000	Salaries	2,000
Rent	1,500	Insurance Paid	300
Drawings	5,000	Machinery	28,000
Bank Balance	4.500	Cash in hand	2,000
Stock on 1.4.2022	5,200	Receivables	2,500
Payables	1,000		

The following adjustments are also given:

i. Closing stock as on 31.12.2023 is $ 4,900
ii. Salaries unpaid for the year totals to $300
iii. Insurance prepaid $90

20. Explain the fundamental and enhancing qualitative characterstics of accounting with apt examples.

21. Record the following trasanctions as Journals in the books of Halos Ltd for the year ending 31st December 2024.

- On 15th June there was a purchase of goods from Flex & Co for $ 20,000, and they availed a trade discount of 3%. If Halos Ltd repaid the money back by 30th June a further discount of 5% will be given. Halos Ltd repaid the amount on 25th June and made use of the cash discount.
- On 1st October a sale of $ 20,000 was made to Leela. To encourage early repayment, a discount of 5% was offered if payment could be done by 20th October. On 5th October Leela returned goods worth $250 as they were damaged. The balance on her account was fully repaid only on 25th October.
- Halos Ltd paid a salary of $ 20,000 per month as rent to its landlord Mr. Jerry .Due to cash insuffiencey the rent for December 2024 is unpaid. Should Halos write a journal to record the unpaid rent, if so, do record the adjustment entry.

PART-C

ANSWER BOTH THE QUESTIONS (2x15=30 MARKS)

22. As a financial analyst, compute the following financial statements of Grand Co as given below.
(i)The gross profit percentage (ii) Two ratios measuring short-term liquidity (iii) Accounts receivable collection period in days (iv) Trade accounts payable payment in days (based on purchases) (v) Gearing ratio. Comment on their financial performance of 2016 over 2015.

The sumarised statements of profit or loss for the year ended 31 December 2015 and 2016 are:

Particulars	**2016 $'000**	**2015 $'000**
Sales revenues	108,000	64,000
Cost of sales	75,600	40,000
Gross profit	32,400	24,000
Expenses	12,400	10,000
Profit before tax	**20,000**	**14,000**

The statements of financial position of Grand as on 31 december 2015 and 2016 are as follows:

Particulars	**2016**	**2016**	**2015**	**2015**

	$ '000	$'000	$'000	$'000
Assets				
Non current assets	162,400		126,300	
Less:Depreciation	(64,000)	98,400	(50,000)	76,300
Current assets				
Cash	2,000		1,400	
Accounts receivables	14,000		10,500	
Inventories	15,000		12,000	
		31,000		23,900
Total assets		**129,400**		**100,200**
Equity and liabilities				
Ordinary shares of $1 each	10,000		6,000	
Share premium account	3,000		1,000	
Revaluation surplus	8,000		-	
Retained earnings	28,000		19,000	
		49,000		26,000
Non-current liabilities				
Loans (due for repayment 2021)		60,000		60,000
Current liabilities				
Accounts payable	9,400		6,800	
Taxation on profits	5,000		3,400	
Dividend payable	6,000		4,000	
		20,400		14,200
Total equity and liabilities		**129,400**		**100,200**

23. On 1st January 2020, Mr. Das Gupta started a business. His trial balance on 31st December 2020 was drawn as follows:

Particulars (Dr)	$	Particulars (Cr)	$
Drawings	10,000	Sales	5,20,000
Opening Stock	1,00,000	Purchase Return	2,400
Purchases	2,50,000	Discount received	500
Bills Receivable	26,400	Sundry Creditors	63,500
Sales Return	4,000	Capital	1,42,800
Discount	600		
Carriage outwards	1,000		
Salaries	20,000		
Insurance	2,400		
Rent	6,000		
Sundry Debtors	90,000		
Income tax	1,800		
Cash at Bank	10,000		
Furniture	10,000		
Bad Debts	4,000		
Plant & Machinery	1,60,000		
Freight & Duty	3,000		
Wages	30,000		
	7,29,200		7,29,200

Construct the Trading, Profit and Loss account and Balance sheet as on 31st December 2020 with the additional adjustments given below:

i. Stock on 31st December 2020 was valued at ₹ 120,000
ii. Outstanding salaries and wages were ₹4000 and ₹6000 respectively.
iii. Prepaid rent was $1000.
iv. Depreciate furniture by 5% and plant & machinery by 10% pa.

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