



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIRST SEMESTER – NOVEMBER 2024

UBU1MC02 – FINANCIAL ACCOUNTING



Date: 13-11-2024

Dept. No.

Max. : 100 Marks

Time: 09:00 am-12:00 pm

SECTION A - K1 & K2 (CO1)

Q.No	Levels	Answer ALL the Questions	(10 x 2 = 20)
1	K1	What is meant by Trading account?	
2		Write the down the adjusting entry for Goods destroyed by fire.	
3		Define depreciation.	
4		A company purchased a plant for Rs. 5,00,000. The useful life of the plant is 10 years and the residual value is Rs. 10,000. Find out the rate of depreciation under the straight-line method.	
5		What is meant by Executor's loan account.	
6	K2	Ramesh and Suresh are partners sharing profit in the ratio of 3:2. They admit Rajesh as a partner for 1/5 th share in future profit. Calculate the new ratio.	
7		Outline any two needs of Departmental accounting.	
8		Relate income and expenditure account.	
9		Outline the term accounting standards.	
10		Expand IFRS and IAS	

SECTION B – K3 & K4 (CO2)

		Answer ALL the Questions	(4 x 10 = 40)
11	K3	Write the down the proforma showing the items in the Manufacturing Account.	
12		[OR] The sundry debtors on 31 st Dec. 2020 are Rs. 40,000. On analysis, it is found that debtors for Rs. 36,000 are good. The debtors for Rs. 3,000 are doubtful and are estimated to realise 2/3rds of the amount and the debtors for Rs. 1,000 are bad. Make a provision for doubtful debts. Show the Journal, Provision for bad and doubtful debts A/c and Profit & Loss A/c and Balance sheet.	
13		Identify the causes of depreciation and need for charging depreciation.	
14		[OR] A machine purchased on 1.7.13 at a cost of Rs. 14,000 and Rs.1,000 were spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31 st December every year. The machine was sold for Rs.9,500 on 31.3.16. Show the machinery account for all the years.	
15		P and Q are partners in a firm sharing profits in the ratio of 4:3. On 1 st Jan. 2011 they decide to admit 'R' as a partner. R brought in Rs. 60,000 as his capital and Rs. 14,000 for 1/3 rd share of goodwill premium. On R's admission, goodwill appeared in the books of the firm at Rs. 21,000. Record the necessary journal entries in the firm's books on R's admission and also ascertain th new profit sharing ratio and sacrifice ratio.	
16		[OR] Examine the need for departmental accounting.	

- 17 Prepare Receipts and Payments A/c of a club for the year ended 31st Dec 2022 from the following particulars:

	Rs.		Rs.
Opening balance of cash	40,000	Rent paid	1,200
Receipt of entrance fees	8,000	Payment for purchase of Cricket balls	500
Subscription received for 2022	16,000	Payment for purchase of Cricket bats	1,600
Previous year's subscription received	1,600	Payment for stationery in cash	100
Paid salaries	2,000		
Paid for Miscellaneous expenses	200		

[OR]

- 18 Analyse the advantages of accounting standards.

SECTION C – K5 & K6 (CO3)

Answer ALL the Questions

(2 x 20 = 40)

- 19 K5 From the following Trial balance of Mr. Adhi as on 31.3.2021. Prepare Trading A/c, Profit & Loss A/c for the year ended 31.3.2021 and a Balance sheet as on that date after making necessary arrangements:

Trial balance			
Debit	Rs.	Credit	Rs.
Adhi's Drawings	12,000	Adhi's Capital	60,000
Furniture & Fixtures	4,000	Return outwards	2,000
Plant & Machinery	30,000	Sales	1,30,000
Opening stock	20,000	Creditors	12,000
		Loan @6% p.a. taken from Mr. Kishore on 1.1.2021	10,000
Purchases	80,000	Discount	600
Salaries & Wages	22,400		
Debtors	20,400		
Returns Inward	5,000		
Postage & Telegrams	1,500		
Rent, Rates, Taxes	3,600		
Bad debts written off	400		
Trade Expenses	200		
Interest on loan from Mr. Kishore	150		
Insurance	800		
Travelling expenses	500		
Sundry Expenses	300		
Cash in Hand	3,050		
Cash at Bank	10,300		
	2,14,600		2,14,600

Adjustments:

- Closing stock: cost price – Rs. 21,000
Market price – Rs. 25,000
- Of the debtors, Rs. 400 are bad and should be written off. Create a reserve for discount on debtors 2.5%.
- Salaries Rs. 800 for March 2021 were not paid.

- (iv) Interest on capital is to be calculated at 6% p.a. and on drawings Rs. 330.
- (v) Prepaid insurance amounted to Rs. 100.
- (vi) Depreciate furniture & fixtures by 5% and Plant and Machinery by 10%.
- (vii) Make a reserve for discount on creditors @ 2%.

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[OR]

Fire occurred in the premises of Raja on 10th May 2016. In order to make claim on their fire policies in respective of the stock they ask your advice and you are able to obtain the following information

Particulars	2013 Rs.	2014 Rs.	2015 Rs.	2016 Rs.
Opening Stock	16,000	15,000	16,000	18,000
Purchases	41,000	47,200	56,600	78,000
Sales	60,000	66,000	78,000	99,000
Closing Stock	15,000	16,000	18,000	?

The Stock salvage was Rs.3,800. Compute the amount of claim.

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K6

A, B and C are partners in a firm sharing profits and losses in the ratio of 1/3: 1/2: 1/6 respectively. Their balance sheet as on 31.3.2020 was as follows:

Liabilities		Rs.	Assets		Rs.
Reserve fund		16,000	Buildings		50,000
Capital:			Machinery		40,000
A	30,000		Furniture		10,000
B	40,000		Stock		25,000
C	25,000	95,000	Debtors	18,000	
Loan payable		15,000	Less: Provision	500	17,500
Sundry creditors		25,000	Cash		8,500
		1,51,000			1,51,000

‘C’ retires on 31.3.2020 subject to the following conditions:

- (a) Goodwill of the firm is valued at Rs. 24,000
- (b) Machinery to be depreciated by 10%
- (c) Furniture to be depreciated by 5%
- (d) Stock to be appreciated by 15% and buildings to be appreciated by 10%
- (e) Reserve for doubtful debts to be raised to Rs.2,000.

Prepare necessary ledger accounts and show the balance sheet of the new firm.

[OR]

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Compile the prevailing Accounting Standards in India.

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