



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

U.G. DEGREE EXAMINATION – ALLIED

THIRD SEMESTER – APRIL 2025

UCO 3402 – BASIC ACCOUNTING



Date: 03-05-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. Answer the following

- a) Balance sheet
 - b) Break Even Analysis
 - c) Acid test ratio
 - d) Matching Concept
 - e) Direct labour
- 2. MCQ**
- a) The accounting principle requires recognizing expenses when they are incurred, regardless of when they are paid is _____
a) Consistency b) Prudence c) Accrual d) Going Concern
 - b) The ratio that measures a company's ability to pay off its short-term liabilities with its current assets is called _____
a) Debt to Equity Ratio b) Current Ratio c) Gross Profit Ratio d) Inventory Turnover Ratio
 - c) _____ is NOT a part of Final Accounts
a) Profit & Loss Account b) Balance Sheet c) Trial Balance d) Trading Account
 - d) _____ is a variable cost in a Cost Sheet
a) Rent b) Raw materials c) Depreciation d) Insurance
 - e) _____ is used to determine the impact of a change in volume on profit
a) Absorption costing b) Marginal costing c) Standard costing d) Activity-based costing

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Match the following

- a) Trading Account - Records Journal entries
- b) Cost Sheet - Cost Volume Profit Analysis
- c) Marginal Costing - Direct and Indirect Costs
- d) Ledger - Accuracy of Debts and credits
- e) Trial balance - Gross Profit

4. True or False

- a) In Marginal Costing, fixed costs are considered irrelevant for decision-making.
- b) A Trial Balance ensures that all financial transactions are recorded correctly in the ledger.
- c) The accrual accounting principle requires that revenue and expenses are recorded only when cash is received or paid.
- d) The Cost Sheet is used to calculate the total cost of production, including both direct and indirect costs.
- e) The Trading Account is prepared to determine the net profit or loss of a business.

SECTION B - K3 (CO2)

Answer any TWO of the following in 100 words each.

(2 x 10 = 20)

5. Ananth is a trader dealing in textiles. Pass journal entries for the month of April, 2024

Date	Transactions	₹
1	Commenced business with cash	70,000
2	Purchased goods from X and Co. on credit	30,000
3	Cash deposited into bank	40,000
4	Bought a building from L and Co. on credit	95,000
5	Cash withdrawn from bank for office use	5,000
6	Paid Rent	4,000

	7	Paid wages to Transport personnel		3,000
	8	Bought Dyeing Machine		12,000
	9	Depreciation charged for the Dyeing machine @10%		
	10	Dennis who owed Rs. 1,00,000 became insolvent & 20 paise in a rupee is received from his estate		
6.	Calculate (i) Inventory turnover ratio (ii) Trade receivable turnover ratio (iii) Trade Payable turnover ratio (iv) Fixed assets turnover ratio from the following information obtained from Delphie Ltd.			
	Particulars		As on 31st March, 2017 ₹	As on 31st March, 2018 ₹
	Inventory		1,40,000	1,00,000
	Trade receivables		80,000	60,000
	Trade payables		40,000	50,000
	Fixed Assets		5,50,000	5,00,000
	Additional Information:			
	a) Revenue from Operations ₹ 10,50,000			
	b) Purchases for the year ₹ 4,50,000			
	c) Cost of revenue from Operations ₹ 6,00,000			
	Assume the Sales and Purchases are for Credit.			
7.	Prepare a Trial Balance for the books of Mr. Agrawal			
		₹		₹
	Capital	16,800	Opening Stock	21,000
	Drawings	5,000	Purchase	36,000
	Sales	72,000	Purchases Returns	2,000
	Sales Returns	3,000	Debtors	4,500
	Creditors	2,500	Furniture	900
	Bills Receivable	2,300	Bills Payable	4,200
	Wages	1,200	Advertisement	600
	Discount allowed	100	Commission Received	600
	Machinery	20,000	Cash	3,500
8.	Elaborate on the accounting concepts and principles with relevant examples.			
SECTION C – K4 (CO3)				
Answer any TWO of the following in 100 words each.				(2 x 10 = 20)
9.	From the following incorrect Trial balance, prepare the correct Trial balance for the books of Mr. Holmes.			
	Particulars	₹	Particulars	₹
	Capital	8,000	Debtors	7,580
	Bad debts recovered	250	Bank deposit	2,750
	Creditors	1,250	Discount allowed	40
	Return outwards	350	Drawings	600
	Bank overdraft	1,570	Returns inwards	450
	Rent	360	Sales	14,690
	Salaries	850	Bills Payable	1,350
	Travelling expenses	300		
	Cash in hand	210		
	Stock 1st Jan'23	2,450		
	Purchases	11,870		
		27,460		27,460
10.	The Sales and Profit for 2022 and 2023 are as follows:			
	Year	Sales (₹)	Profit (₹)	
	2022	1,50,000	20,000	
	2023	1,70,000	25,000	
	From the given information calculate:			
	(A) P/V ratio (B) B.E.P (C) Sales for a Profit of ₹ 40,000 (D) Profit for Sales of ₹ 2,50,000			
	(E) Margin of Safety at a profit of ₹ 50,000			

11.	From the following information prepare a Cost sheet for the month of January																								
	<table> <tr> <th>Particulars</th><th>₹</th></tr> <tr> <td>Stock of Raw materials on 1st January 2020</td><td>25,000</td></tr> <tr> <td>Stock of Raw materials on 31st January 2020</td><td>26,200</td></tr> <tr> <td>Purchase of Raw materials</td><td>21,900</td></tr> <tr> <td>Carriage on Purchases</td><td>1,100</td></tr> <tr> <td>Sale of Finished goods</td><td>72,300</td></tr> <tr> <td>Direct wages</td><td>17,200</td></tr> <tr> <td>Non-productive wages</td><td>800</td></tr> <tr> <td>Direct expenses</td><td>1,200</td></tr> <tr> <td>Factory overheads</td><td>8,300</td></tr> <tr> <td>Administrative overheads</td><td>3,200</td></tr> <tr> <td>Selling overheads</td><td>4,200</td></tr> </table>	Particulars	₹	Stock of Raw materials on 1 st January 2020	25,000	Stock of Raw materials on 31 st January 2020	26,200	Purchase of Raw materials	21,900	Carriage on Purchases	1,100	Sale of Finished goods	72,300	Direct wages	17,200	Non-productive wages	800	Direct expenses	1,200	Factory overheads	8,300	Administrative overheads	3,200	Selling overheads	4,200
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12.	Mr. Zach provides you the following data relating to the year 2024. Calculate the Gross Profit and Net Profit of Mr. Zach by preparing the trading & Profit and Loss Account																
	<table> <tr> <th>Particulars</th><th>₹</th></tr> <tr> <td>Opening Stock</td><td>4,800</td></tr> <tr> <td>Purchases</td><td>20,800</td></tr> <tr> <td>Direct Expenses</td><td>15,100</td></tr> <tr> <td>Closing Stock</td><td>5,200</td></tr> <tr> <td>Operating expenses</td><td>5,060</td></tr> <tr> <td>Other income</td><td>500</td></tr> <tr> <td>Sales</td><td>47,070</td></tr> </table>	Particulars	₹	Opening Stock	4,800	Purchases	20,800	Direct Expenses	15,100	Closing Stock	5,200	Operating expenses	5,060	Other income	500	Sales	47,070
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SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13.

Given below are the balances extracted from the books of Mr. Nathaniel as on 31st December 2023.

Particulars	₹	Particulars	₹
Purchases	10,000	Sales	15,100
Wages	600	Commission received	1,900
Freight inwards	750	Rent received	600
Advertisement	500	Creditors	2,400
Carriage Outwards	400	Capital	5,000
Cash	1,200		
Machinery	8,000		
Debtors	2,250		
Bills receivable	300		
Stock as January 2023	1,000		
	25,000		25,000

Prepare the trading and profit and loss account for the year ended 31st December, 2023 and the balance sheet as on that date after adjusting the following:

a) Commission received in advance ₹400

b) Advertisement paid in advance ₹150

c) Wages outstanding ₹ 200

d) Closing stock on 31st March 2024 ₹ 2,100

14.

From the following financial statement:

Dr	Trading & Profit Loss Account		Cr
To Opening stock	1,50,000	By Sales	10,00,000
To Wages	2,00,000	By Closing Stock	2,50,000
To Manufacturing Expenses	1,00,000		
To Purchases	3,00,000		
To Gross Profit	5,00,000		
	12,50,000		12,50,000
To Administration Expenses	50,000	By Gross Profit	5,00,000
To Selling & Distribution expenses	50,000	By profit on sale of Investment	50,000
To Loss on sale of furniture	25,000		
To Interest on debentures	10,000		

To Net Profit	4,15,000	
	5,50,000	5,50,000

Balance Sheet			
Liabilities	₹	Assets	₹
Share capital	2,00,000	Fixed Assets	2,50,000
Reserves	1,00,000	Stock	2,50,000
Debentures	2,00,000	Sundry Debtors	1,00,000
Bills payable	50,000	Bank	50,000
Creditors	1,00,000		
	6,50,000		6,50,000

Calculate:

- Current ratio
- Liquid ratio / quick ratio
- Absolute Liquid ratio
- Gross profit ratio
- Net profit ratio
- Operating profit ratio
- Debt equity ratio
- Inventory Turnover ratio
- Inventory conversion period (days)
- Fixed Assets Turnover

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15. a) Elucidate the meaning, advantages and limitations of marginal costing. Highlight its application in managerial decisions.

b) Pass journal entries for the following transactions and prepare necessary ledger accounts as on May 2024

Date	Particulars	₹
1	Ram commenced business with Cash	6,000
	Ram commenced business with Stock	3,000
	Ram commenced business with Building	8,000
5	Sold goods for Cash	700
7	Sold goods to Mani	640
10	Cash purchase	2,000

16. The accounts of Starbox enterprises Ltd for the year ended 31st December 2023 show the following:

Particulars	₹
Stock of Material as on 1.1.2023	6,720
Materials Purchased	1,50,000
Materials returned to suppliers	2,000
Direct Labour	50,000
Direct Expenses	20,000
Factory Expenses	15,300
Office & Administrative Expenses	8,000
Selling & Distribution Expenses	7,900
Stock of Material as on 31.12.2023	7,720
Profit	10,000

Find the following:

- Material Consumed
- Prime Cost
- Works Cost
- Cost of Production
- Total Cost
- Sales

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