

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.A. DEGREE EXAMINATION – ECONOMICS**

**FIRST SEMESTER – NOVEMBER 2019**

**UCO 1301 – BUSINESS ACCOUNTING**

Date: 05-11-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

**PART A**

ANSWER ALL THE QUESTIONS:

**10X2 = 20 Marks**

1. Define the term 'Accounting'.
2. Total assets Rs.10,00,000; Total liabilities Rs.7.52 Lakhs. Find out the Capital.
3. If the Current Ratio is 2:1 and Working Capital Rs.30,000. Find out the value of Current Assets and Current Liabilities.
4. List out any two difference between Journal and ledger.
5. What do you mean by subsidiary books?
6. If the Actual Sales - Rs.800000; break even sales is 600000; 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 Fixed cost Rs.4500 and Contribution per unit is 1.5; then find out the BEP in units.
9. Calculate P/V ratio from following information: Sales Rs.500000, Direct material and wages Rs.280000 and variable overhead Rs.100000.
10. What is meant by Ratio Analysis?

**PART B**

ANSWER ANY FOUR QUESTIONS:

**4X10 = 40 Marks**

11. Define Cost Accounting. How it will differ from Financial Accounting.
12. Distinguish between absorption costing and Marginal costing.
13. Journalize of the following transaction of Fagan ltd  
2018 Jan1 Business started with Re.200000 and cash deposited with bank Rs.100000.  
Jan2. Purchased machinery on credit from Ragan Rs.50000  
Jan 3 Bought furniture from Ravi for cash Rs.20000  
Jan 4 Goods sold to Yesh Rs.22500  
Jan 5 Goods returned by Yesh Rs.2500  
Jan 6 Cash paid to Ram Rs.20000  
Jan 10 Cash withdrawn from Bank Rs.50000  
Jan 15 Paid advertisement expenses Rs.5000  
Jan20 Paid salaries Rs.12000  
Jan 25 Paid sundry expanses Rs.2500

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;

Details	Rs.
Fixed cost	9000
variable cost	15000
Net profit	30,000

15. Sadic of Karachi is not an expert in accounting. He prepared the following trail balance. You are requested to corrected and prepare a corrected trial balance

S.No	Name of the Account	L.F.	Debit balance	Credit balance
1	Capital		-	15560
2	Sales		-	27560
3	Sales return		-	980
4	Drawings A/c		8940	-
5	Freehold Premises		12680	
6	Purchases		7410	
7	Return outwards		2640	
8	Loan from Sharma			2500
9	Sundry creditors		5280	
10	Selling expenses		7840	
11	Cash		1420	
12	Bills payable		1000	
13	Wages		5980	
14	Opening stock			2640
15	Factory expenses		4650	
			54540	54540

16. Calculate stock turnover ratio.

Sales Rs.39380.

Sales return Rs.380

Gross profit Rs.9000

Opening stock Rs.1378

Closing Stock Rs.1814

17. From the following data, calculate:

i) B.E.P expressed in amount of sales in rupees.

ii) Number of units that must be sold to earn a profit of Rs.120000 per year

Selling price Rs.40 per unit

Variable manufacturing cost Rs.22 per unit

Variable selling cost Rs.3 per unit

Fixed factory overheads Rs.160000

Fixed selling cost Rs.30000

## PART C

ANSWER ANY TWO QUESTIONS:

2X20 = 40 Marks

18. Explain the Accounting Concepts with suitable examples.
19. From the following trial balance prepare a trading and profit and loss account of M/s Muthu ltd for the year ending 31st December 2018 and a balance as an that date:

Debit balance	Rs.	Credit balance	Rs.
Sundry debtors	1,500	Capital	25,000
Stock 1 <sup>st</sup> Jan 2018	5,000	Interest	600
Land and buildings	5700	Sundry creditors	7,000
Cash	4,000	Sales	17,000
Bank	1,600	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	2,500		
Salaries	2,000		
Drawings	2,000		
Purchases	10,000		
Office expenses	800		
Plant and Machinery	10,000		
<b>Total</b>	<b>53,600</b>	<b>Total</b>	<b>53,600</b>

### Adjustments:

- On 31<sup>st</sup> December 2018, the stock was valued at Rs.10,000.
  - Depreciation on furniture by 10%
  - Outstanding wages Rs. 1,500
  - Create 5% on debtors for bad debts as provision.
20. A manufacturing company submit to you the following detail about the various expenses incurred by it during the year ended 31<sup>st</sup> Dec 2018:

Particulars	Rs
Raw material	25000
Advise ment	1000
Depreciation on plant	1500
Factory office salaries	6000
Legal expenses	300
Supervises salary	5500
Factory rates	1000

Carriage outwards	1500
Direct labour	20000
Bad debts	300
Office expenses	200
Rent of factory	2500
Office salary	10000
Commission on sales	4000
Auditors fess	300

21. You are given the following information:

Particulars	Rs
Cash	18000
Debtors	142000
Closing stock	180000
Bills payable	27000
Creditors	50000
Outstanding expenses	15000
Tax payable	75000
Debenture	1,00,000
Bank Loan	60,000
Share Capital	3,00,000
Sales	5,00,000
Land & Building	1,75,000
Machinery	75,000

Calculate: A) Current ration B) Liquidity ratio C) Absolute liquidity ratio

D) Debt-Equity Ratio and E) Fixed Assets Turnover Ratio

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