

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



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

FIRST SEMESTER – NOVEMBER 2018

### BU 1502– FINANCIAL ACCOUNTING

Date: 22-10-2018  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

#### Section A

#### Answer All

(10x2=20)

1. What is Single entry ?
2. Define Hire Purchase.
3. Compute opening Branch Debtors balance from the following transaction

Particulars	Amount (Rs.)
Cash received from debtors	42,500
Bad debts	1,000
Branch Debtors (Closing)	7,700
Discount allowed	1800
Credit Sales	51,000

4. Give journal entries for the following transactions
  - a. Prepaid Insurance Premium Rs. 450
  - b. Interest on Securities received in advance Rs. 500
5. From the following prepare trading account

Particulars	Amount (Rs.)
Opening Stock	1,00,000
Purchases	1,50,000
Direct Expenses	10,000
Carriage Inward	5,000
Carriage Outward	6,000
Purchase Returns	25,000
Sales	4,00,000
Closing stock	50,000

6. Give two limitations of Single entry system.
7. Journalise the following under stock and debtors system of Branch Accounting.
  - a. Goods sent to Branch Rs. 80,000
  - b. Cash sales Rs. 65,000
8. Apportion the following expenses on the basis of cost of goods sold ratio among the four departments A, B, C and D  
Sales (Rs.) : A: 2,00,000 B: 1,50,000 C: 1,00,000 D:50,0000  
G.P Ratio : 20% on sales  
Expenses (Rs.): Salaries 6,000 Rent Rs. 1,500 Insurance: 1,300
9. Calculate profit/loss on sale of plant under W.D.V method from the following information  
Original Cost of Plant on 1-1-2015 : Rs. 3,00,000  
Rate of Depreciation : 10%  
Sale Value of Plant : Rs. 1,56,000  
Date of sale : 31-12-2016  
Assume that the accounts are closed on 31<sup>st</sup> march each year.
10. A fire occurred at the premises of a trader on 31.05.2014 destroying a great part of his goods. His stock at 1.1.2014 was Rs. 60,000. The value of the stock salvaged was Rs. 13,500. The gross profit on sales was 30%

and the sales amounted to Rs. 1,53,000 from January to the date of fire, while for the same period purchases amounted to Rs. 1,03,500. Prepare a statement of claim.

### Section B

**Answer Any Four**

**(4x10=40)**

11. Define Depreciation. Explain the causes of depreciation.
12. A company purchased a second-hand machinery on 1<sup>st</sup> January, 1991 for Rs.37,000 and immediately spent Rs.2,000 on its repairs and Rs.1,000 on its erection. On 1<sup>st</sup> July 1992, it purchased another machinery for Rs.10,000 and on 1<sup>st</sup> July, 1993, it sold off the first machine purchased in 1991 at Rs.28,000. On the same date it purchased machinery for Rs.25,000. On 1<sup>st</sup> July, 1994 the second machinery purchased for Rs.10,000 was sold off for Rs.2,000. Depreciation was provided at 10% on original cost. Give machinery account for the four years commencing from 1<sup>st</sup> January 1991.
13. Madras Transport Ltd. Purchased from Anil Auto Distributors 3 trucks costing Rs. 50,000 each on the hire purchase system. Payment was to be made Rs. 30,000 down and the remainder in 3 equal instalments together with interest at 9% p.a. Madras Transport Ltd writes of depreciation at 20% p.a. on the diminishing balance method. It paid the instalment due at the end of first year but could not pay the next. Anil Auto Distributors agreed to leave one truck with the purchaser, adjusting the value of other two trucks against the amount due. The truck was valued on the basis of 30% depreciation annually on the diminishing balance method. Prepare the necessary ledger accounts in the book of vendor.
14. From the following details find the credit purchases & total purchases (Rs)

Cash Purchases	29,000	Cash paid to creditors	25,000
Bills Payable (opening)	7,500	Bills payable during the year	10,500
Bills Payable (closing)	2,500	Purchase Returns	1,500
Creditors (opening)	20,000	Allowances from creditors	800
Creditors (closing)	18,000	Bills payable dishonoured	300

15. From the following particulars relating to Hyderabad Branch for the year ended 31.12.90. Prepare Branch account in the head office books.

Particulars	Rs.
Stock at the branch on 1.1.90	15,000
Debtors at the branch on 1.1.90	30,000
Petty Cash at the branch on 1.1.90	300
Goods sent to Branch during 1990	2,52,000
Cash Sales 1990	60,000
Received from debtors 1990	2,10,000
Credit Sales during 1990	2,28,000
Cheques sent to the branch during 1990 for	
Salaries	9,000
Rent & Rates	1,500
Petty Cash	1,100
	11,600
Stock at the branch on 31.12.90	25,000
Debtors at the branch on 31.12.90	48,000
Petty Cash at the branch on 31.12.90	200
Goods returned by Branch	2,000

16. Following is the profit and loss A/c of Hindustan Ltd for the year ending 31-3 2017

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Purchases:		Sales:	
Transistors (X)	1,60,000	Transistors (X)	1,75,000
Tape Recorders (Y)	1,25,000	Tape Recorders (Y)	1,40,000
Repairs (Z)	80,000	Repairs (Z)	35,000

Salaries and Wages	48,000	Closing Stock:	
Rent	10,800	Transistors (X)	60,100
Sundry Expenses	11,000	Tape Recorders (Y)	20,300
Profit	40,200	Repairs (Z)	44,600
	4,75,000		4,75,000

Other particulars are as follows:

- Transistors and Tape Recorders have been sold in showroom and repairs are made in factory.
- Apportionment of Salaries and Wages: showroom  $\frac{3}{4}$  and factory  $\frac{1}{4}$ . Salaries and Wages of showroom are to be divided in the ratio 1:2 in X and Y departments.
- Rent of the factory is Rs. 500 p.m. Rent of showroom is apportioned equally in X and Y departments.
- Sundry expenses are to be apportioned in the sales ratio of the departments.

Prepare Departmental Trading and P & L Account.

17. M/s Dhoni & Co. have taken out a fire policy of Rs. 80,000 covering its stock in trade. A fire occurs on 31<sup>st</sup> March 2013 and stock was with the exception of Rs. 20,680 worth destroyed. Following particulars are available from the books of account of the firm.

Stock as on 1 <sup>st</sup> January 2013	Rs. 30,000
Purchase to the date of fire	Rs. 1,30,000
Sales to the date of fire	Rs. 90,000
Commission paid to Purchase Manager on Purchases	2%

Carriage paid on purchases	Rs. 800
Average gross profit on cost	50%

The policy was subject to average clause. You are required to arrive at the (i) total loss of stock and (ii) amount of claim to be made against the insurance company.

### Section C

**Answer Any Two**

**(2x20=40)**

18. Difference between Single Entry and Double Entry System of Accounting.
19. From the following Trial Balance of Thiru. Rehman on 31 March 2016, Prepare Trading & Profit & Loss A/c and Balance Sheet taking into account the adjustments:

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Land & building	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return outwards	500
Stock (1/4/2015)	5,760	Sundry creditors	6,300
Sundry debtors	14,500	Bills payable	9,000
Purchases	40,675		
Cash in hand	540		
Cash at Bank	2,630		
Return Inwards	680		
Wages	8,480		
Fuel & power	4,730		
Carriage on sales	3,200		
Carriage on Purchases	2,040		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Total	1,76,580	Total	1,76,580

### Adjustments

- a. Stock on 31/03/2016 was Rs. 6,800.
- b. Salary outstanding Rs. 1,500.
- c. Insurance prepaid Rs.150.
- d. Depreciation Machinery @ 10% and patents @ 20%.
- e. Create a provision of 2% on debtors for bad debts.

20. The following information are provided of a business having three departments

#### Purchases:

Dept A – 1500 Units                    }  
Dept B – 1000 Units                    } at a total cost of Rs. 92,000  
Dept C – 2000 Units                    }

#### Stocks on 1<sup>st</sup> Jan were:

Dept A – 200 Units  
Dept B – 300 Units  
Dept C – 150 Units

#### Stocks on 31<sup>st</sup> December were:

Dept A – 100 Units  
Dept B – 160 Units  
Dept C – 200 Units

#### Selling price per unit:

Dept A - Rs. 20 each  
Dept B - Rs. 22.50 each  
Dept C - Rs. 25 each

Purchase and sales are constant for the last two years. Rate of gross profit is same in each case. Prepare Departmental Trading Account.

21. A Head office invoices goods to its branch at cost plus 50% Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the Stock and Debtors system to show the Profit or Loss at the branch.

Particulars	Amount (Rs.)
Stock on 1.1.07(invoice price)	27,900
Debtors on 1.1.07	20,400
Goods invoiced to the branch (invoice price)	1,53,000
Cash sales	75,000
Credit sales	93,000
Cash collected from debtors	91,200
Goods returned by debtors	3,600
Goods returned to H.O by branch	4,500
Shortage of stock	1,350
Discount allowed	600
Expenses at the branch	16,200
Bad debts	600

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