

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Sc. DEGREE EXAMINATION – COMPUTER SCIENCE

FOURTH SEMESTER – APRIL 2010

CO 4206 / CO 4203 - ACCOUNTS & BUSINESS APPLICATIONS

Date & Time: 19/04/2010 / 9:00 - 12:00 Dept. No.

Max. : 100 Marks

SECTION – A

Answer all the questions:

(10x2=20)

1. What are the three golden rules of accounting?
2. Give any two merits of ratio analysis.
3. Prepare trial balance of Ramakrishnan engineering works on 31st March 2010.
Capital = 24,000 Salaries = 5,000 Cash = 1,200 Sales = 1,20,000
Purchase = 70,000 Debtors = 40,000 Loan = 30,000 Machinery = 57,800.
4. A company purchased a plant for Rs.58,000 and Rs.2,000 was spent on its installation. The useful life of the plant is 10 years and the scrap value is Rs.10,000. Find out the rate of depreciation.
5. What is error of principle?
6. Compute the payout ratio.
Net profit = 60,000 provision for tax = 30,000 preference dividend = 6,000 No.
of equity shares = 20,000 dividend per equity share = 0.50.
7. Write any two advantages of accounting.
8. Write any four examples of fixed assets.
9. State true or false:
 - a) Entering wrong amount in a wrong subsidiary book is a compensating error.
 - b) Purchase of asset recorded in purchase book is an error of principle.
10. a) _____ is ideal liquid ratio.
b) _____ is the money or money's worth withdrawn by the owners of the business.

SECTION - B

Answer any five questions:

(5x8=40)

11. Who are the different persons interested in accounting information?
12. Explain the meaning of the terms: a) Depreciation b) Trade discount c) Debtors
d) Double entry system
13. Enter the following transactions in a triple column cash book.

2009

April 1

Cash in hand Rs. 9,600

Balance at bank Rs.15,500

3

Cash paid into bank Rs.4,500

7

Purchased furniture Rs.3,200

10

Withdrew for personal use from bank Rs.500

12

Purchased goods from Nadan Bros. for Rs.7,000

14

Cash sales Rs.12,000

18

Received a cheque from suresh Rs.2,000

19

Sold goods to Hema & sons for Rs.10,000

21

Settled Nadan Bros. A/c in full by giving a cheque for Rs.6,900

24

Paid commission by cheque Rs.400

27

Received dividend by cheque Rs.1,300 and deposited immediately into bank

29

Received cash from Hema & sons Rs.9,500 in full settlement

30

Paid salary Rs. 3,500

14. From the following balance sheet of Abdul Ltd; you are required to prepare a cash flow statement:

<i>Liabilities</i>	<i>2008</i>	<i>2009</i>	<i>Assets</i>	<i>2008</i>	<i>2009</i>
	<i>Rs.</i>	<i>Rs.</i>		<i>Rs.</i>	<i>Rs.</i>
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
5. Creditors	6. 1,40,000	7. 1,00,000	8. Debtors	9. 2,40,000	10. 2,30,000
Profit & loss A/c	20,000	36,000	Stock	1,70,000	1,82,000
			Land	90,000	1,30,000
	5,60,000	6,36,000		5,60,000	6,36,000

Additional information: Dividend paid Rs.1,000.

15. Rectify the following errors in the books of Mr. David:

- Salary of Rs.2,000 paid to Madan has been debited to his personal account.
- A credit sale of goods Rs.450 to Arvind has been wrongly passed through the purchases book.
- Paid Rs.700 for installation of machinery debited to wages account.
- Purchased goods from Seetha & Co for Rs. 2,500 has been wrongly entered in Sheela & Co.

16. Ashok Ltd purchased a machine on 1st July 2007 for Rs.1,50,000. On 1st January 2008, it purchased another machine costing Rs.1,20,000. On 31st August 2009, the machine purchased on 1st July 2007 was sold for Rs. 1,12,000. Depreciation is to be provided at 10% p.a. under written down value method every year assuming that the accounts are closed on 31st December every year. You are required to prepare Machinery A/c for the years 2007 – 2009.

17. Prepare a bank reconciliation statement from the following data as on 31.01.2010

- Balance as per cash book Rs. 25,500
- Cheque sent for collection and not credited by the bank Rs.850
- Cheques issued but not presented for payment amounted to Rs.1,500
- Dividend received and credited by the bank not yet entered in cash book Rs. 2,000
- Bank charges debited in pass book alone Rs.20
- A customer, Mr. Sunil directly paid Rs.300 into bank, which has not been entered in the cash book
- Cheques deposited into bank and not yet credited by bank Rs.3,200
- Insurance premium paid directly by the bank as per the standing instruction Rs.600.

18. Prepare proper subsidiary books of M/s Sky departmental stores:

Jan 2010

2 **Bought from Shahul Rice mart :**

5 bags of rice @ Rs. 1,000 per bag and trade discount 10%
10 bags of sugar @ Rs. 3,200 per bag

6 Sold to Vimal 2 bags of rice @ Rs. 1,800 per bag as per the invoice no: 54

11 **Bought from Kadar book centre:**

10 gross long size note book @ Rs. 25 each less trade discount 10%
4 dozen rewritable CD @ Rs. 40 each with invoice no: 49

17 Returned to Shahul Rice mart 1 bag of rice and 2 bags of sugar

- 19 Sold to Daniel 2 gross note books @ Rs. 28 each for cash
 22 Credit note sent to Vimal for Rs. 550 for goods damaged in transit.
 25 **Sold to M/s RadhaBros:**
 50 scientific calculators @ Rs.1500 each and trade discount @ 5%
 20 dozens of ball pen @ Rs.72 per dozen and trade discount @ 2%
 27 Sold old unused furniture to M/s Krishnan & Co on credit for Rs. 6,500.

SECTION - C

Answer any two questions:

(2x20=40)

19. From the following Trial balance of Mr. Rahim as on 31st March 2009, prepare Trading and profit & loss a/c and balance sheet taking into account the adjustments:

<i>Debit balances</i>	<i>Rs.</i>	<i>Credit balances</i>	<i>Rs.</i>
Land & buildings	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Good will	7,500	Purchase returns	500
Stock on 1.4.2008	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		
Sales returns	680		
Wages	8,480		
Oil, coal & power	730		
Carriage inwards	3,200		
Rent	4,000		
Carriage outwards	2040		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
	1,76,580		1,76,580

Adjustments:

- (i) Stock on 31.3.2009 was Rs. 7,000.
 (ii) Salary outstanding Rs.1,500.
 (iii) Insurance prepaid Rs.150.
 (iv) Depreciate machinery @ 12%.
 (v) Create a provision of 10% on debtors for bad and doubtful debts.

20. Given below is the summarized balance sheet and profit and loss of Raja Mills Ltd as on 31-12-1997. You are required to calculate: a) Current ratio b) quick ratio c) Fixed asset turnover ratio d) Debt equity ratio e) selling & distribution expenses ratio f) Stock turnover ratio g) Net profit ratio h) operating ratio i) Debtors collection period

Balance sheet as on 31-12-1997

Liabilities	Rs.	Assets	Rs.
Equity capital: 40,000 shares of Rs.100 each	40,00,000	Land and building	30,00,000
Reserves	18,00,000	Plant and machinery	16,00,000
Creditors	26,00,000	Stock	29,60,000
Profit and Loss account	6,00,000	Debtors	14,20,000
6% debentures	6,00,000	Cash at bank	6,20,000
	96,00,000		96,00,000

Profit and loss account

Particulars	Rs.	Particulars	Rs.
To opening stock	19,90,000	By Sales	1,70,00,000
To purchases	1,09,05,000	By closing stock	29,80,000
To direct expenses	2,85,000		
To gross profit	68,00,000		
	1,99,80,000		1,99,80,000
To Administration expenses	32,00,000	By Gross profit b/d	68,00,000
To selling & distribution expenses	4,00,000	By Non- operating income	1,80,000
To finance expenses	3,00,000		
To other non- operating expenses	80,000		
To net profit	30,00,000		
	69,80,000		69,80,000

21. Journalise the following transactions in the books of Mr. James and post them to ledger.

2008

- Jan 1 Purchased goods for cash from Mr.Gopal Rs.1000
 2 Sold goods to Honda ltd for Rs.15,000
 6 Sold old machinery to Mr. Ramesh for cash Rs.30,000
 10 Honda ltd settled its account by giving Rs. 14,800
 15 Received Rs.2,500 from Mr. Krishnan.
 22 Withdrew cash from bank for personal use Rs.7,000
 25 Goods returned to Mr.Gopal Rs.200
 30 Paid salary by cheque Rs. 12,500.

