

S.NO: 468

BATCH: 87-14, 16, 17

REG. NO.:

**END OF SEMESTER EXAMINATIONS, APRIL / MAY - 2019**  
**BUSINESS ACCOUNTS**  
**SUBJECT CODE: 16UAC009**

**MAJOR: B.Com**  
**TIME : 3 HOURS**

**SEMESTER : III**  
**MAX. MARKS: 75**

**SECTION - A (10 X 1 = 10)**

**Answer All the questions:**

1. What is meant by Single Entry System?
2. Mention the procedure for calculating profit by Statement of Affairs Method.
3. What do you understand by Royalty?
4. What is 'Minimum Rent'?
5. What is Installment Purchase System?
6. What is 'Cash Price'?
7. What is the need for 'Department Accounting'?
8. What do you mean by 'Stock | Reserve'?
9. What is meant by 'Short Sales'?
10. What is 'Average Clause'?

**SECTION - B (5 X 4 = 20)**

**Answer any Five questions:**

11. Distinguish between Statement of Affairs and Balance Sheet.
12. From the following ascertain 'Opening Stock'.  
Purchases made during 1996 Rs.2,50,000      Sales made during 1996 Rs.3,25,000  
Stock on 31.12.1996 Rs.60,000                  Wages Rs.3,000  
Rate of Gross Profit on cost 25%.
13. A company leased a colliery on 1.1.92 at a minimum rent of Rs.20,000 merging into a royalty of Rs.1.50 per ton with power to recoup short workings over the first four years of the lease. The output of the colliery for the first four years was 9,000 tons, 12,000 tons, 16,000 tons and 20,000 tons respectively. Give the Royalty Analysis Table.
14. What is meant by recoupment of short workings? Explain the methods.
15. X purchased a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in four annual installments of Rs.25,000 each plus interest. The cash price was Rs.1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Calculate interest for each year and the installment amount.
16. What are the advantages of Departmental Accounting?
17. A Madras head office has a branch at Salem to which goods are invoiced at cost plus 20%  
From the following particulars. Prepare Branch a/c in the head office books:  
Goods sent to branch Rs.2,11,872      Total Sales Rs.2,06,400  
Cash Sales Rs.1,10,400                  Cash received from Branch debtors Rs.88,000  
Branch Debtors on 1.1.96 Rs.24,000      Branch Stock on 1.1.96. Rs.7,680  
Branch Stock on 31.12.96 Rs.13,440.

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18. A fire occurred in the business premises of Raghavan on 19.7.89. From the following particulars ascertain the loss of stock and prepare a claim for insurance.

Stock on 1.1.88 Rs.36,720	Stock on 31.12.88 Rs.32,400
Sales for 1988 Rs.2,16,000	Purchases for 1988 Rs.1,46,400
Purchases from 1.1.89 to 19.7.89 Rs.1,76,400	Sales from 1.1.89 to 19.7.89 Rs.1,80,000
The stocks were always valued at 90% of cost	
The stock saved from fire was worth Rs.21,600	
The amount of the policy was Rs.75,600	
There was an average clause in policy.	

**SECTION – C (3 X 15 = 45)**

**Answer any Three questions:**

19. From the following, you are required to prepare Trading, P&L A/c and Balance Sheet as on 31.12.89.

Shiny commenced her business on 1.1.89 with a capital of Rs.25,000. She immediately bought furniture for Rs.4,000. During the year, she borrowed Rs.5,000 from her husband and introduced a further capital Rs.3,000. She has withdrawn Rs.600 at the end of each month for family expenses. Sales (Including cash sales of Rs.30,000) Rs.1,00,000. Purchases (Including cash purchases of Rs.10,000) Rs.75,000. Carriage Rs.700 Wages Rs.300 Discount allowed to debtors Rs.800 Salaries Rs.6,200 Bad debts written off Rs.1,500 Trade expenses Rs.1,200 Advertisement Rs.2,200.

Shiny has used goods worth Rs.1,300 for private purposes and paid Rs.500 to his son which is not recorded anywhere. On 31.12.89, her debtors, were worth Rs.21,000, Creditors Rs.15,000 and Stock in Trade Rs.10,000. Furniture to be depreciated at 10% p.a.

20. On 1.1.1982, Rama Collieries Ltd. Leased a piece of land agreeing to pay minimum rent of Rs.2,000 in the first year, Rs.4,000 in the second year and thereafter Rs.6,000 per annum, merging into a royalty of 40 paise per ton, with power to recoup short workings over the first three years only. The figures of annual output for the four years to 31<sup>st</sup> December 1985 were 1000,10000,18000 and 20000 tonners respectively. Record these transactions in the Ledger of the company.
21. Malan purchased a machine on hire purchase system on 1<sup>st</sup> January 1993. The terms of payment are four annual installments of Rs.12690 at the end of each year. Interest is charged 5% and is included in the annual payment of Rs.12690.
- Show Machinery account and Hire vendor account in the books of Malan who defaulted in the payment of the third yearly payment whereupon the vendor repossessed the machinery. Malan provides depreciation on the machinery @ 10% p.a. on the reducing balance.
22. What is meant by Departmental Accounting? How it differs from Branch Accounting?
23. What do you understand by Consequential claim? What are the steps to be followed in computation of loss of profits claims?

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