



THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)
Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

Backlog Arrear Examination, March 2021

BBA1420/1430

FINANCIAL ACCOUNTING II

MARKS: 75

ANSWER ANY FIVE OF THE FOLLOWING

5X15 = 75

1. The following are the balance extracted from the Books of Sri Nayagam as on

31st March 2006

Sri Nayagams Capitals	12500	Return Outwards	5000
Sri Nayagams Drawings	6200	Return Inwards	10000
Furniture and Fitting	1750	Carriage outwards	8000
Type Writer	1200	Salaries	11000
Purchases	180000	Advertisement	1200
Sales	235000	Cycle	200
Lorry hire on Purchase	12000	Opening Stock	21500
Traveling Expenses	900	Sundry Debtors	12000
Sundry Creditors	10000	Reserve for Doubtful debts	400
Insurance	500	Commission Earned	9000
General Expenses	600	Discount Allowed	5000
Postage & Telegram	150	Cash in Hand	450
Bad debts	500	Over draft with Banker	6500
Interest Paid	250	Rent and Taxes	5000

The following adjustments are to be made:

1. Stock on 31st March 2006 Rs. 17500

2. Provide the following outstanding: Interest : Rs. 250, Salaries; Rs. 1000, Rent Rs. 500
Audit fees Rs. 500

Prepaid Expenses : Insurance Rs. 125, Advertisement Rs. 200

3. Maintain Reserve for Doubtful debts at 5% on Sundry debtors.

4. Provide Depreciation: Furniture and Fittings -10%, Cycle-15%, Typewriter-15%

Prepare trading and profit and loss account for the year ending 31st March 2006 and a balance sheet as on that date.

2. An Asset is purchased for Rs. 25000. Depreciation is to be provided annually according to the Straight line Method. The useful life of the asset is 10 years and the residual value is Rs. 5000.

You are required to find out the Rate of Depreciation and prepare asset account for the First Three years.

3. On April 1 2003 Alpha Radio Limited Of Madras Consigned to R.sankar Ratio dealer at Coimbatore .200 Radio sets involved at Rs.300 per set. The cost of each set was Rs.250 and Railway freight of Rs.600 was paid by the consignor other expenses being paid by the consignee. On 1 st july 2003 R.sankar remitted an account sales showing that 160 sets have been sold at the price of Rs.300 per set They deducted unloading charges and cartage of Rs.30, establishment expenses Rs.120 and Commission at 5% on sales remitted the draft for the balance.Make out of an Account sale.

4. On 1st january 2002 machinery was purchased by X for Rs.50,000 on 1st july 2003

Addition were made to the extent of Rs.10000 on 1st April 2004 further additions were Made to the extend of Rs.6400 on 30th june 2005 machinery the orginal value of which was Rs.8000 on 1stjanuary 2002 was sold for Rs.6000 Depreciation is Charged at 10% p.a on Orginal cost.

Show the Machinery account for the years from 2002 to 2005 in the books of X.Xcloses His books on 31st December.

5.A and B enter into joint venture.A Agrees to bring capital in cash. Accordingly a joint Banking Account is opened by A for a sum of Rs.80,000 B buys goods worth Rs.50000 As part of his share of capital .Further goods worth Rs.118000 were purchased from C paying Rs.60000 and balance by a promissory note signed by A and B.

The goods were sent to Calcutta for sale Expenses totaling Rs.5000 were incurred in Sending the goods. Part of goods were damaged and a sum of Rs.25,000 wer recovered From the insurance company.The balance goods were sold for Rs.2,20,000.

Give journal entry to record the above transactions also prepare joint venture account Of A and B assuming that the promissory note was duly Honoured.

6.Plant costing Rs.32000 Purchased on 1st jan 2003 and its estimated life is 8 years

Further purchases of plant are as follows.

1. On 31st march 2003 plant costing Rs.15000 and its estimated life is 10 years.

2.On 30th sep.2004 Plant costing Rs.12000 and its estimated life is 6 years

3.On 30th April 2005 plant costing Rs.20,000 and its estimated life is 8 Years

Out of the original plants purchased on 1st jan 2003 one machine costing Rs.5000 was Sold for Rs.4700 on 30th june 2005 residential value of each aasset is 10% of its Original cost. Prepare the Plant Account for the first three years.

7. Banerjee and Mukherjee agreed to import Russian timber into india.On 1 st july 2004. they opened a joint bank account with Rs.25000 towards which Banerjee Contributed Rs.15000 and mukherjee contribution Rs.10000 they agreed to share Profit and losses in proportion to their cash contributions.

The remitted to their agent Rs.20000 to pay for timber purchased and later Rs.2100 in settlement of his account freight insurance and dock charges amounted To Rs.3900. on dec 31,2004 the sales amounted to Rs.28740 which enables them To repay themselves with cost originally advanced they then decided to close the Venture and mukherjee agreed to take over the timber unsold for Rs.1260,Which is To be deducted from his share of Profit.

Prepare the necessary accounts showing the amount of cash available for division By way of profit and how the same is divisible between banerjee and Mukherjee.
