

2/H-65 (v) (Syllabus-2015)

2 0 1 7

(April)

BUSINESS ADMINISTRATION

(Honours)

(Financial Accounting)

(BBAC-202)

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

Answer **five** questions, selecting **one** from each Unit

UNIT—I

1. (a) Distinguish between Journal and Ledger.
- (b) Record the following transactions in the Cashbook of M/s Electrical Stores :

2017

- | | | |
|-------|---|--|
| April | 1 | Started business with capital—₹ 20,000 |
| | | Deposited into the Bank—₹ 15,000 |
| | 3 | Purchased goods from X worth ₹ 5,000, Trade Discount @ 10% |

(2)

2017

- April 4 Sold goods to C for ₹ 7,000 and received a cheque
 " 6 Cheque received from C deposited into bank
 " 7 Withdrawn from bank—₹ 5,500
 " 7 Staff salaries paid—₹ 13,000
 " 8 Paid by cheque to X ₹ 4,250 in full settlement of his dues
 " 10 Cheque received from X returned dishonoured
 " 12 Withdrawn from bank for personal use—₹ 500
 5+10=15

2. (a) What is GAAP? State the need of GAAP.

(b) Write notes on the following :

(i) Accounting Period Concept

(ii) Convention of Consistency 3+(6+6)=15

UNIT—II

3. The following are the balances extracted from the ledger of Mr. S as on 31st March, 2016 :

	Dr. ₹	Cr. ₹
Capital		1,10,000
Current A/c		4,400
Drawings	20,000	
Stock as on 01.04.1997	11,000	
Purchases and Sales	54,000	80,000

(Continued)

(3)

	Dr. ₹	Cr. ₹
Returns	2,000	1,500
Wages	2,500	
Salaries	4,000	
Printing and Stationery	500	
Bills Receivable	12,000	
Bills Payable		4,000
Debtors and Creditors	36,000	8,000
Discounts	1,200	1,500
Rent and Rates	800	
Bad Debts	1,400	
Insurance	400	
Postage and Telegrams	300	
Commission	3,400	
Land and Buildings	24,000	
Plant and Machinery	20,000	
Furniture	13,500	
Trade Expenses	400	
Cash in Hand	500	
Cash at Bank	1,500	
	<u>2,09,400</u>	<u>2,09,400</u>

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(Turn Over)

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(4)

Prepare Trading A/c, Profit & Loss A/c for the year ended 31.03.2016 and Balance Sheet of the firm as on that date, taking into consideration the following : $4+5+6=15$

- (i) Stock on 31st March, 2016 was ₹ 18,000
 - (ii) Provision for Doubtful Debts is to be provided at 5% on Debtors
 - (iii) Outstanding Salaries were ₹ 1,000
 - (iv) Write off Land and Building at 5%, Furniture at 10%
4. (a) State the need of providing depreciation.
- (b) A firm purchased plant on 01.01.2006 for ₹ 2,00,000. New plant for ₹ 10,000 was purchased on 01.10.2006 and ₹ 20,000 on 01.07.2007. On 01.04.2008, a plant purchased for ₹ 30,000 on 01.01.2006 was sold for ₹ 16,000 and the entire amount was credited to Plant A/c. The firm writes off depreciation @ 10% p.a. on Diminishing Balance Method.
- You are required to prepare Plant A/c : from 01.01.2006 to 31.12.2008. Accounts are closed on 31st December each year. $5+10=15$

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(5)

UNIT—III

5. The following is the Receipts & Payments A/c of an Amusement Club :

Receipts		₹	Payments		₹
To	Balance b/d	7,600	By	Sports Equipment purchased on	
"	Subscriptions :			01.10.2014	30,000
	2013	2,000			
	2014	37,000	"	Postage and	
	2015	3,000		Stationery	700
"	Admission		"	Salaries	5,000
	Fees	4,000	"	Upkeep of	
"	Locker Rents	1,000		Ground	1,000
"	Interest on		"	Electric Charges	2,300
	Govt. Securities	1,200	"	General Expenses	8,000
			"	Balance c/d	8,800
		<u>55,800</u>			<u>55,800</u>

Additional Informations :

- (i) Subscriptions for 2014 are outstanding for ₹ 1,000 and subscriptions for 2014 collected in 2013 for ₹ 1,500
- (ii) Outstanding salaries for 2014 was ₹ 1,000
- (iii) On 01.01.2014, the club owned Sports Equipment—₹ 40,000, Furniture—₹ 6,000, Government Securities—₹ 16,000 and Club ground—₹ 25,000

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- (iv) Provide depreciation at 15% p.a. on Sports Equipment and at 10% p.a. on furniture

Prepare an Income & Expenditure A/c for the year ended 31.12.2014 and the Balance Sheet as on that date.

7+8=15

6. K. Co. Ltd. issued 200000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows :

On application—₹ 2

On allotment—₹ 5 (including premium)

On first call—₹ 2

On final call—₹ 3

300000 applications were received. Shares amounting to ₹ 60000 were refunded and balance was allotted pro rata. Mr. R who applied for 9600 shares failed to pay the allotment and first call money. Mr. S who was holding 12000 shares failed to pay the first call and second call money. The shares of R and S were forfeited. Of these 12000 shares were reissued to Mr. X as fully paid up at ₹ 9 per share, the whole of R's share being included.

Pass the necessary Journal Entries.

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(Continued)

UNIT—IV

7. What do you mean by Financial Statement Analysis? Discuss in brief the various tools of financial statement analysis. 3+12=15

8. Following is the Balance Sheet of ABC Co. Ltd. :

Equity & Liabilities	₹	Assets	₹
Share Capital	3,00,000	Plant and Machinery	4,10,000
Reserves and Surplus	1,60,000	Investment	1,30,000
Debentures	1,50,000	Inventory	40,000
Creditors	75,000	Debtors	80,000
Bills Payable	1,00,000	Cash at Bank	1,20,000
		Discount on Issue of Debentures	5,000
	<u>7,85,000</u>		<u>7,85,000</u>

Additional Informations :

- (i) Sales—₹ 5,00,000
(ii) Gross Profit—₹ 2,00,000
(iii) Net profit before interest and tax—₹ 1,00,000

You are required to calculate the following :

2+3+3+3+2+2=15

- (a) Gross Profit Ratio
(b) Return on Investment Ratio
(c) Stock Turnover Ratio

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- (d) Current Ratio
(e) Quick Ratio
(f) Proprietary Ratio

UNIT—V

9. Following are the summarized Balance Sheet of A Ltd. as on 30.06.2014 and 30.06.2015 respectively :

Capital & Liabilities	30.06.14 ₹	30.06.15 ₹	Assets	30.06.14 ₹	30.06.15 ₹
Share Capital	2,00,000	3,00,000	Land and Building	2,00,000	2,80,000
Share Premium		15,000	Plant and Machinery	1,90,000	2,10,000
7% Debentures	1,00,000	80,000	Investment	25,000	32,000
General Reserve	75,000	90,000	Stock	63,000	75,000
Profit & Loss A/c	62,000	54,000	Sundry Debtors	1,01,000	83,000
Sundry Creditors	78,000	69,000	Cash at Bank	11,000	8,000
Bills Payable	5,000	13,000	Preliminary Expenses	7,000	5,000
Provision for Taxation	57,000	47,000			
Proposed Dividend	20,000	25,000			
	<u>5,97,000</u>	<u>6,93,000</u>		<u>5,97,000</u>	<u>6,93,000</u>

Additional Informations :

- (i) During the year interim dividend of ₹ 15,000 was paid

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- (ii) Investment costing ₹ 5,000 was sold for ₹ 8,000 and the profit was credited to Profit & Loss A/c
(iii) Provide depreciation on building ₹ 7,000 and on machinery ₹ 18,000

Prepare Statement of Changes in Working Capital and Funds Flow Statement.

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10. From the following summarized financial statement of XYZ Ltd. as on 31.12.2015 and 31.12.2016, prepare a Cash Flow Statement for 2016 :

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Equity & Liabilities	31.12.15 ₹	31.12.16 ₹	Assets	31.12.15 ₹	31.12.16 ₹
Equity Share Capital	4,00,000	6,00,000	Goodwill	1,00,000	80,000
7% Red. Preference			Land and Building	2,00,000	1,50,000
Share Capital	1,00,000	2,00,000	Plant	1,80,000	3,82,000
General Reserve	40,000	60,000	Investment (short-term)	20,000	70,000
Profit & Loss A/c	36,000	54,000	Debtors	1,50,000	2,16,000
Proposed Dividend	56,000	78,000	Stock	1,70,000	1,56,000
Sundry Creditors	3,60,000	2,90,000	Cash and Bank	1,72,000	2,28,000
	<u>9,92,000</u>	<u>12,82,000</u>		<u>9,92,000</u>	<u>12,82,000</u>

Additional Informations :

- (i) Provide depreciation on Plant ₹ 36,000 in 2016
(ii) An interim dividend of ₹ 20,000 was paid in 2016

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