

2nd Copy.

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

2 0 1 6

(April)

BUSINESS ADMINISTRATION

(Financial Accounting)

Marks : 75

Time : 3 hours

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

Answer one question from each Unit

UNIT—I

1. (a) What is Cashbook?
(b) Prepare a Triple Column Cashbook to record the following transactions in the books of M/s Electrical Stores :
- 2015
April 1 Cash in Hand—₹ 8,590
Bank Overdraft—₹ 7,810
" 3 Received a cheque from H on account—₹ 1,160
Allowed him discount—₹ 40
" 6 Cheque received from H deposited into bank
" 7 Withdrawn from Bank—₹ 5,500
Staff salaries paid—₹ 13,000

(2)

2015

- April 8 Paid a cheque to N ₹ 1,120 in full settlement of his dues of ₹ 1,500
- 10 Cheque received from H returned dishonoured
 - 11 Cheque issued to N returned dishonoured
 - 12 Withdrawn from bank for personal use—₹ 500
3+12=15

2. (a) What do you mean by Bank Reconciliation Statement? Why is it prepared?

(b) The cashbook of Z showed a bank balance of ₹ 26,900 on 31st March, 2016. On comparing the same with the bank Passbook, he found that cheques amounting to ₹ 12,500 had been issued in March, of which cheque amounting to ₹ 5,700 were presented for payment in April. Cheques of ₹ 1,900 and ₹ 2,600 respectively paid into bank on 29th March but were not credited till 5th April. The bank has credited his account with ₹ 1,335 in respect of interest and has debited with ₹ 215 for bank charges, which were not entered in cashbook.

Prepare a Bank Reconciliation Statement as on 31st March, 2016.
5+10=15

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(Continued)

(3)

UNIT—II

3. The following are the balances extracted from the ledger of Mr. X, a trader as on 31st December, 2015 :

	₹
Stock (01.01.2015)	50,000
Sales	4,25,000
Purchases	3,00,000
Wages	70,000
Discount Allowed	4,200
Discount Received	3,150
Salaries	18,500
Advertising	14,300
Debtors	43,700
Creditors	35,200
Furniture	17,100
Cash at Bank	1,34,700
General Reserve	2,50,000
Bad Debts	3,200
Rent	6,000
General Expenses	8,950
Profit & Loss A/c (Cr.)	6,220
Insurance up to 31.03.2015	6,720
Capital	25,000
Printing and Stationary	2,400
Plant and Machinery	80,500
Loan from a friend	15,700

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(Turn Over)

(4)

Adjustments :

- (i) Closing Stock—₹ 91,500
- (ii) Depreciation to be charged on Plant and Machinery at 15% and 10% on Furniture
- (iii) Outstanding liabilities :
 Wages—₹ 5,200
 Salaries—₹ 1,200
 Rent—₹ 600
- (iv) Provision for Doubtful Debts has to be made at 5%
- (v) Income tax ₹ 3,000 paid by cheque but not recorded in the books

Prepare Trading and Profit & Loss A/c for the year ended 31st December, 2015 and a Balance Sheet as on that date. $4+4+7=15$

4. (a) State various methods of depreciation. Explain any two methods in detail.

- (b) Distinguish between Reserves and Provisions. $10+5=15$

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(Continued)

(5)

UNIT—III

5. Delhi Golf Club prepared the following Receipts & Payments A/c for the year ended 31st December, 2015 :

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	19,000	By Sports Equipment (purchased on 01.09.2007)	50,000
" Subscriptions	1,07,000	" Tournament Expenses	20,000
" Entrance Fees (Capital receipts)	4,000	" Electricity	2,500
" Interest on Investments	7,500	" Printing	1,500
		" Salaries	17,000
		" Expenses for Exhibition	10,500
		" Balance c/d	36,000
	<u>1,37,500</u>		<u>1,37,500</u>

Additional Information :

- (i) Fixed assets of the club on 1st January, 2015 includes the following :

	₹
Sports Equipments	77,500
Club Ground	3,10,000
Furniture	10,000

- (ii) Subscription for 2015 collected in 2014 ₹ 2,500
- (iii) Subscription for 2014 collected in 2015 ₹ 10,000

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(Turn Over)

(6)

(iv) Subscription for 2016 collected in 2015—₹ 4,500

(v) Subscription for 2015 not yet collected—₹ 1,500

(vi) Depreciation to be provided @ 20% p.a. on Sports Equipments & @ 5% p.a. on Furniture

Prepare Income & Expenditure A/c and Balance Sheet as on that date. 7+8=15

6. Z Co. Ltd. offered to public 20000 Equity Shares of ₹ 100 each at premium of ₹ 10 per share. Payments were to be made as follows :

On Application—₹ 20

On Allotment—₹ 40

(including premium)

On First and Final call—₹ 50

Applications were received for 42000 shares. The directors rejected the application totalling 2000 shares and allotted shares to remaining applicants on pro rata basis. All moneys were duly received except the call money on 100 shares, which were forfeited and all these shares were reissued as fully paid @ ₹ 95 per share.

Pass the necessary Journal Entries.

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(Continued)

(7)

UNIT—IV

7. (a) Following is the Trading and Profit & Loss A/c (Pvt. Ltd.) for the year ending 30th June, 2015 :

Trading and Profit & Loss A/c

	Amount ₹			Amount ₹
To Stock on Hand	76,250	By Sales		5,00,000
" Purchases	3,15,250	" Stock on Hand		
" Carraige and Freight	2,000	as on 30.06.2015		98,500
" Wages	5,000			
" Gross Profit	2,00,000			
	<u>5,98,500</u>			<u>5,98,500</u>
To Administrative Expenses	1,01,000	By Gross Profit		2,00,000
" Selling and Distribution Expenses	12,000	" Non-operating Income		6,000
" Finance Expenses	7,000			
" Other Non-operating Expenses	2,000			
" Net Profit	84,000			
	<u>2,06,000</u>			<u>2,06,000</u>

You are required to calculate the following :

(i) Gross Ratio

(ii) Return on Capital Employed

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(Turn Over)

(iii) Operating Ratio

(iv) Operating Net Profit Ratio

(v) Quick Ratio

(vi) Current Ratio

- (b) From the given information, calculate the Stock Turnover Ratio :

Sales—₹ 2,00,000

Gross Profit—25%

Opening Stock was $\frac{1}{4}$ th
of the value of Closing Stock

Closing Stock was 40% of sales

- (c) A business has a current ratio of 4 : 1 and a quick ratio of 1 : 2. If the working capital is ₹ 1,80,000, calculate the total current assets and stock. $9+3+3=15$

8. What are the objectives of analysis and interpretation of Financial Statements? Discuss the various methods of analysis and interpretation of Financial Statements. $3+12=15$

UNIT—V

9. From the following Balance Sheet of A Co. Ltd., prepare the Cash Flow Statement for the year ending 31st December, 2015 : 15

Balance Sheet

Liabilities	31.12.2014 ₹	31.12.2015 ₹
Share Capital	3,00,000	3,50,000
Debentures	1,50,000	2,50,000
General Reserves	1,00,000	1,50,000
Profit & Loss A/c	60,000	70,000
Provision for Depreciation on Machinery	90,000	1,30,000
Creditors	75,000	1,10,000
Bills Payable	10,000	15,000
	<u>7,85,000</u>	<u>10,75,000</u>
Assets		
Goodwill	1,00,000	80,000
Machinery	4,10,000	5,40,000
Investment	30,000	80,000
Discount on Debentures	5,000	—
Cash at Bank	1,20,000	1,30,000
Debtors	80,000	1,90,000
Stock	40,000	55,000
	<u>7,85,000</u>	<u>10,75,000</u>

During the year investment costing ₹ 30,000 were sold for ₹ 28,000. A new machine was purchased for ₹ 45,000 and payment was made in fully paid shares issued at par.

10. From the following summarized financial statement of A Ltd. as on 31st December, 2014 and 31st December, 2015 respectively, prepare a Fund Flow Statement :

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<i>Capital & Liabilities</i>		31.12.14		31.12.15
		₹		₹
Equity Share Capital		5,00,000		6,00,000
Share Premium		—		20,000
Revenue Reserve		80,000		1,20,000
Profit & Loss A/c		1,20,000		1,60,000
10% Debentures		2,00,000		1,00,000
Sundry Creditors		3,50,000		3,70,000
		<u>12,50,000</u>		<u>13,70,000</u>
 <i>Assets</i>				
Freehold Land and Building (at cost)		3,00,000		3,00,000
Plant and Machinery (at cost)	6,00,000		6,80,000	
Less : Depreciation	<u>3,00,000</u>	3,00,000	<u>3,20,000</u>	3,60,000
Furniture (at cost)	40,000		50,000	
Less : Depreciation	<u>15,000</u>	25,000	<u>16,000</u>	34,000
Inventories		3,20,000		3,90,000
Debtors		3,00,000		2,50,000
Cash		5,000		36,000
		<u>12,50,000</u>		<u>13,70,000</u>
