

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

2 0 2 2

(May/June)

BUSINESS ADMINISTRATION

(Honours)

(Financial Accounting)

(BBAC-202)

Marks : 75

Time : 3 hours

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

UNIT—I

- 1. (a) Journalize the following transactions in
the books of B. B. Bros., Shillong : 11**

2021

- July 1 : Started business with cash—₹ 30,000; Goods
worth ₹ 15,000 and Furniture worth ₹ 20,000
- " 2 : Paid into bank—₹ 20,000
- " 3 : Paid rent by cheque—₹ 600
- " 5 : Bought goods from ABC Bros., Shillong on
credit—₹ 7,000
- " 7 : Sold goods to XYZ Bros., Shillong on credit—
₹ 6,000
- " 8 : Bought a computer against cheque—₹ 20,000

(2)

2021

- July 12 : XYZ Bros. gave cheque and deposited in the bank—₹ 6,000
- " 14 : Paid to ABC Bros. by cheque—₹ 6,700 and discount allowed by him—₹ 300
- " 16 : Interest received from bank—₹ 400
- " 17 : Bank intimates that the cheque of XYZ Bros. is returned dishonoured
- " 24 : Paid—₹ 1,500 as income tax

(b) Write notes on the following : 2+2=4

(i) Ledger

(ii) Trial Balance

OR

2. (a) Record the following transactions of Mr. Sun in a suitable cashbook : 11

2021

- April 1 : Cash in hand—₹ 88,000
Cash at bank—₹ 1,10,000
- " 3 : Purchased goods for cash—₹ 14,000
- " 8 : Paid into bank—₹ 10,000
- " 9 : Drew cash for private use—₹ 5,000
- " 12 : Received cheque from Miss Sita for ₹ 3,800 (in full settlement of ₹ 4,000) and deposited into bank on the same day
- " 15 : Drew from bank for office use—₹ 3,000
- " 20 : Mr. Roy, a customer, deposited into bank—₹ 12,000
- " 24 : Paid to Miss Rupa for ₹ 8,000 by cheque after deducting $2\frac{1}{2}\%$ cash discount

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(Continued)

(3)

2021

- April 26 : Bank charges—₹ 1,000
- " 27 : Purchased furniture and payment made by cheque—₹ 12,000
- " 28 : Miss Sita's cheque returned by bank dishonoured and discount charged being ₹ 150
- (b) What is Bank Reconciliation Statement? State any four reasons for the purpose of preparing such a statement. 2+2=4

UNIT—II

3. (a) Following balances appear in the books of Modern Ltd. as on 1st April, 2020 :

	₹
Machinery A/c	5,00,000
Provision for Depreciation A/c	1,16,000

Depreciation is charged on Machinery at 20% p.a. by the diminishing balance method. A piece of machinery purchased on 1st April, 2018 for ₹ 1,00,000 was sold on 1st October, 2020 for ₹ 60,000.

Prepare the Machinery A/c and Provision for Depreciation A/c for the year ended 31st March, 2021. Also, prepare the Machinery Disposal A/c (Show the working notes clearly).

2+3+3+4=12

22D/621

(Turn Over)

(4)

(b) Distinguish between Reserve and Provision.

3

OR

4. The following is the Trial Balance of Mr. Gupta as on 31st March, 2021 :

Particulars	Dr. ₹	Cr. ₹
Capital		24,500
Creditors		2,500
Loans		7,880
Sales		65,360
Provision for Bad Debts		900
Commission		1,320
Bills Payable		3,850
Bank Overdraft		3,300
Buildings	11,000	
Machinery	9,340	
Debtors	6,280	
Stock (as on 01.04.2020)	16,200	
Purchases	47,000	
Drawings	2,000	
Power	2,240	
Wages	7,200	
Tax and Insurance	1,315	
Bad Debts	550	
Cash and Bank Balances	1,600	
General Expenses	2,500	
Return Inwards	1,000	
Octroi Duty	585	
Postage and Telegram	800	
	<u>1,09,610</u>	<u>1,09,610</u>

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(Continued)

(5)

From the previous page Trial Balance, prepare the Trading and Profit & Loss A/c for the year ended 31st March, 2021 and the Balance Sheet after considering the following adjustments : 4+6+5=15

- (i) Stock as on 31st March, 2021—₹ 23,500
- (ii) Outstanding liabilities : Wages—₹ 2,500 and Insurance—₹ 500
- (iii) Write off ₹ 160 as Bad Debts and a Provision for Bad Debts at 5% on Debtors
- (iv) Provide depreciation 20% on Buildings and 15% on Machinery p.a.
- (v) Goods worth ₹ 2,000 were distributed as free samples
- (vi) Commission ₹ 700 received in advance for the next year

UNIT—III

5. Exe Co. Ltd. offered to public 20000 Equity Shares of ₹ 100 each at a 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—The balance

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(Turn Over)

(6)

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 necessary Journal Entries in the books of the company.

15

OR

6. From the following Receipts & Payments A/c of a club and from the information supplied, prepare an Income & Expenditure A/c for the year ended 31st December, 2021 and the Balance Sheet as on that date :

8+7=15

*Receipts & Payments A/c
for the year ended 31st December, 2021*

Receipts		₹	Payments		₹
To Balance b/d		2,500	By Salaries		12,000
" Subscriptions :			" General		
2020	2,500		Expenses		3,000
2021	10,000		" Newspapers		2,000
2022	<u>2,000</u>	14,500	" Books		3,000
" Sale of Old			" Postage		500
Furniture			" Electric Charges		2,000
(costing ₹ 1,000)		600	" Furniture		2,500
" Rent for the use			" Balance c/d		5,000
of Hall		<u>12,400</u>			
		<u>30,000</u>			<u>30,000</u>

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(Continued)

(7)

Additional Information :

- (i) The club has 50 members, each paying annual subscription of ₹ 250; subscriptions outstanding on 31st December, 2020 were ₹ 3,000
- (ii) On 31st December, 2021, salaries outstanding to ₹ 1,000 and salaries paid included ₹ 1,000 for the year 2022
- (iii) On 1st January, 2021, the club owned Land and Building valued at ₹ 1,00,000. Furniture ₹ 6,000 and Books ₹ 5,000

UNIT—IV

7. (a) What are common size statements? State the purposes of preparing common size statements. 2+3=5
- (b) From the following data, calculate—
- (i) Gross Profit Ratio;
- (ii) Inventory Turnover Ratio;
- (iii) Current Ratio;
- (iv) Liquid Ratio;
- (v) Proprietary Ratio ; 2×5=10

Particulars	₹	Particulars	₹
Revenue from		Fixed Assets	1,44,000
Operation	2,52,000	Net Worth	1,50,000
Cost of Revenue		Long-term Debts	90,000
from Operation	1,92,000	Current Liabilities	60,000
Average Inventory	80,000	Net Profit before	
Other Current Assets	76,000	Tax and Interest	80,000

22D/621

(Turn Over)

OR

8. (a) The current ratio of a business enterprise is 2.5 : 1. State with reason whether the following transactions will increase, decrease or not change the current ratio : $1 \times 6 = 6$

- (i) Purchase of goods on credit
- (ii) Cash received from trade receivables
- (iii) Sale of plant for cash
- (iv) Repayment of debentures
- (v) Issued equity shares to the vendors of machinery
- (vi) Sale of goods at profit on credit

- (b) From the following information, calculate—

- (i) Current Ratio;
- (ii) Return on Capital Employed Ratio;
- (iii) Net Profit Ratio : $3 + 4 + 2 = 9$

Particulars	₹	Particulars	₹
Share Capital	75,000	Reserve and Surplus	25,000
Profit before Interest and Tax	47,000	Trade Payables	76,000
Cash	7,000	Fixed Assets	40,000
Inventory	90,000	Trade Receivables	86,000
Revenue from Operation	1,50,000	Long-term Borrowings	47,000

UNIT—V

9. (a) What is Fund Flow Statement? What are the steps involved in the preparation of Fund Flow Statement? $2 + 4 = 6$
- (b) Distinguish between Fund Flow Statement and Schedule of Changes in Working Capital. 4
- (c) State with reasons whether the following transactions would result in an inflow, outflow or no flow of funds : $1 \times 5 = 5$
- (i) Sale of old machinery
 - (ii) Issue of debentures
 - (iii) Collection from debtors
 - (iv) Tax refund
 - (v) Building purchased by issue of equity shares of the same amount

OR

10. Following are the Balance Sheets of XYZ Co. Ltd. as at 31st March, 2020 and 31st March, 2021 :

Particulars	31.03.2021	31.03.2020
	₹	₹

I. Equity and Liabilities :

1. Shareholders' Fund :

(a) Share Capital	2,50,000	2,00,000
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(10)

(b) Reserves and Surplus :

(i) Surplus, i.e., Profit &

Loss Balance	30,600	30,500
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(ii) General Reserve	60,000	50,000
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2. Non-Current Liabilities :

Long-term Borrowings (Debentures)	—	70,000
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3. Current Liabilities :

(a) Trade Payables	1,35,200	1,50,000
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(b) Short-term Provisions (Provision for Tax)	35,000	30,000
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	<u>5,10,800</u>	<u>5,30,500</u>
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II. Assets :

1. Non-Current Assets :

Fixed Assets :

(a) Tangible Assets :

Land and Buildings	1,90,000	2,00,000
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Plant and Machinery	1,69,000	1,50,000
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(b) Intangible Assets :

Goodwill	5,000	—
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2. Current Assets :

(a) Inventories	1,38,200	1,80,000
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(b) Cash and Cash Equivalents	8,600	500
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	<u>5,10,800</u>	<u>5,30,500</u>
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(11)

Additional Information :

Depreciation provided during the year was ₹ 40,000 on Land & Buildings and ₹ 30,000 on Plant & Machinery

Prepare Cash Flow Statement.

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