

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

**2 0 1 9**

**( April )**

**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 of Mr. Manish : 11

2019

- |       |    |  |
|-------|----|--|
| March | 1  | Manish started business with cash—₹ 2,00,000             |
| "     | 2  | Deposited cash into bank—₹ 50,000                        |
| "     | 3  | Bought goods from Shyam—₹ 50,000                         |
| "     | 4  | Purchased furniture from Sunil Stores for cash—₹ 20,000  |
| "     | 10 | Paid cartage—₹ 500 and Sundry Expenses—₹ 1,500 by cheque |
| "     | 12 | Sold goods on credit to Mohan—₹ 25,000                   |

( 2 )

- 2019
- March 14 Withdrew money from business for private use—₹ 500
- " 16 Mohan returned goods—₹ 300
- " 18 Paid to Shyam—₹ 49,800 and discount allowed—₹ 200
- " 20 Drew cash from bank for office use—₹ 2,000
- " 24 Received cheque from Mohan in full settlement of amount due from him ₹ 24,500

- (b) Write notes on the following :  $2+2=4$
- (i) Double-entry System
- (ii) Cashbook

OR

2. (a) The Cashbook shows a balance of ₹ 1,25,000 in 31st January, 2019. On comparing the Cashbook with the Passbook, the following discrepancies were noted :

- (i) Cheques issued but not yet presented for payment—₹ 60,000
- (ii) Cheques deposited in the bank but not collected—₹ 90,000
- (iii) Bank paid insurance premium—₹ 50,000
- (iv) Bank charges—₹ 3,000
- (v) Directly deposited by a customer—₹ 80,000

D9/1613

( Continued )

( 3 )

- (vi) Interest on investment collected by bank—₹ 20,000
- (vii) Cheque of ₹ 3,500 was recorded twice in the passbook
- (viii) Bank credited ₹ 2,500 on account of interest
- (ix) Bank collected a cheque of ₹ 5,000 on behalf of the business but wrongly credited it to Mr. Alex's A/c (another customer)
- (x) Dividend on securities collected by bank—₹ 1,500

Prepare Bank Reconciliation Statement of a business as on 31st January, 2019. 11

- (b) Write notes on the following :  $2+2=4$
- (i) Matching concept
- (ii) Full disclosure principle

UNIT—II

3. (a) A company purchased on 1st April, 2016 machinery costing ₹ 2,90,000 and installation charges ₹ 10,000. It purchased another machinery on 1st October, 2016 costing ₹ 2,00,000 and on 1st July, 2017 costing ₹ 1,00,000. On 1st April, 2018 one-third

D9/1613

( Turn Over )

( 4 )

of the machinery installed on 1st April, 2016 became obsolete and was sold for ₹ 30,000. Depreciation is provided at 10% p.a. on the original cost method each year. Accounts are closed each year on 31st December.

Prepare Machinery A/c for three years. 8

(b) What is the need for providing depreciation? 4

(c) Distinguish between Capital Reserve and Revenue Reserve. 3

OR

4. From the following Trial Balance of Mr. Rooney as on 31st December, 2018, prepare his Trading and Profit & Loss A/c and Balance Sheet as on that date :  $4+6+5=15$

Particulars	Dr. ₹	Cr. ₹
Plant		
Machinery	72,000	
Capital	48,000	
Furniture		1,70,400
Cash at Bank	24,000	
Purchases	7,600	
Sales	1,02,520	
Return Outwards		2,37,070
		1,200

D9/1613

( Continued )

( 5 )

Particulars	Dr. ₹	Cr. ₹
Return Inwards	1,650	
Computer Software	18,000	
Wages	36,500	
Stock (01.01.2018)	13,820	
Salaries	36,000	
Sundry Expenses	8,400	
Insurance	9,120	
Drawings	12,580	
Sundry Debtors	34,800	
Sundry Creditors		16,320
	<u>4,24,990</u>	<u>4,24,990</u>

Additional Information :

- Stock as on 31st December, 2018 were ₹ 16,320
- Wages and salaries for the month of December 2018 amounting ₹ 4,800 and ₹ 3,600 were unpaid
- Insurance included a premium of ₹ 200 for next year
- Write off further bad debts at ₹ 1,000
- A provision for doubtful debts is to be created to the extent of 5% on Sundry Debtors
- Provide depreciation on Plant and Machinery @ 10% and Furniture @ 15%

D9/1613

( Turn Over )

( 6 )

## UNIT—III

5. (a) Write notes on the following :  $2 \times 4 = 8$

- (i) Minimum subscription
- (ii) Forfeiture of shares
- (iii) Private placement of shares
- (iv) Oversubscription of shares

(b) State the provision relating to the utilization of securities premium as per the Indian Companies Act, 2013. 4

(c) Surya Pvt. Ltd. purchased assets from Solana Pvt. Ltd. for ₹ 3,50,000. A sum of ₹ 75,000 was paid by means of a bank draft and for the balance due. Surya Pvt. Ltd. issued equity shares of ₹ 10 each at a premium of 10%.

Journalize the above transactions in the books of Surya Pvt. Ltd. 3

OR

6. The following is the Receipts & Payment A/c of the club for the year ended 31st December, 2018 :

Receipts		Payments	
To	₹	By	₹
Balance b/d	3,190	Rent	1,680
Entrance Fees	550	Wages	2,450
Subscriptions	18,000	Lighting Charges	720

D9/1613

( Continued )

( 7 )

Receipts		Payments	
To	₹	By	₹
Donations	1,650	Equipment Purchased	2,480
Life Membership Fees	2,500	Office Expenses	4,500
Interest on Deposits	240	8% Fixed Deposits (on 01.07.2018)	12,000
Proceeds of Tournament	2,320	Tournament Expenses	2,020
		Balance c/d	2,600
	<u>28,450</u>		<u>28,450</u>

Other Informations :

- (i) Subscriptions in arrears at the beginning of the year amounted to ₹ 350 and at the end of the year ₹ 550 were outstanding
- (ii) Wages were due at the end of the year ₹ 1,500
- (iii) 50% of donation is to be capitalized
- (iv) On 1st January, 2018 the club possessed equipment worth ₹ 20,000 and furniture worth ₹ 8,500. Provide depreciation on these assets @ 10% including the purchases during the year

Prepare Income & Expenditure A/c for the year ended 31st December, 2018 and the Balance Sheet as on that date.  $8+7=15$

( Turn Over )

D9/1613

## UNIT—IV

7. (a) What is meant by analysis of financial statements? How is it important from the viewpoint of management and investors?

$$2+3\frac{1}{2}+3\frac{1}{2}=9$$

- (b) From the following informations, calculate—

(i) Gross Profit Ratio;

(ii) Net Profit Ratio;

(iii) Current Ratio :

$$2 \times 3 = 6$$

Net Sales	₹
Net Profit before Interest and Tax	30,00,000
Current Assets	3,00,000
Liquid Assets	6,00,000
Debentures	1,50,000
Paid-up Share Capital	2,50,000
Current Liabilities	5,00,000
Cost of Goods Sold	2,00,000
	20,00,000

OR

8. (a) What is meant by Comparative Financial Statement? Why is it prepared?

$$2+3=5$$

- (b) Distinguish between Current Ratio and Quick Ratio.

3

- (c) Miss Ruby owns a business and gives the following Data :

Items	2017 ₹	2018 ₹
Net Sales	9,00,000	18,00,000
Gross Profit	2,25,000	3,60,000
Current Assets	3,00,000	4,50,000
Current Liabilities	1,50,000	2,50,000

She is of the opinion that her manager Mr. Steward is very efficient as there is an increase in profit from ₹ 2,25,000 to ₹ 3,60,000 by his efforts. Further, current assets are increasing from ₹ 3,00,000 to ₹ 4,50,000 whereas, current liabilities are increasing only by ₹ 1,00,000; thus, the short-term position of the business is also becoming strong.

Do you agree with her? State reasons for your answer.

4

- (d) Stock turnover ratio is 3 times; Cost of goods sold is ₹ 4,20,000; Stock in the beginning is ₹ 10,000 more than the stock at the end.

Calculate the value of stock in the beginning and at the end.

3

## UNIT—V

9. From the following information extracted from R. C. Pvt. Co. Ltd. as on 31st December, 2017 and 31st December, 2018, you are required to prepare a Schedule of Changes in Working Capital and a Funds Flow Statement :

7+8=15

Equity and Liabilities	2017 ₹	2018 ₹	Assets	2017 ₹	2018 ₹
Share Capital	1,00,000	1,10,000	Building	50,000	59,000
General Reserve	14,000	18,000	Plant and Machinery	37,000	36,000
Profit & Loss A/c	16,000	13,000	Stock	30,000	23,400
Creditors	8,000	5,400	Trade Receivables	20,000	22,200
Bills Payable	1,600	1,400	Cash at Bank	6,600	15,200
Provision for Tax	16,000	18,000	Preliminary Expenses	12,000	10,000
	<u>1,55,600</u>	<u>1,65,800</u>		<u>1,55,600</u>	<u>1,65,800</u>

## Additional Informations :

- (i) Interim dividend of ₹ 8,000 was paid during the year
- (ii) Provision for taxation ₹ 19,000 was made during the year 2018
- (iii) A piece of machinery was sold for ₹ 8,000 during the year 2018. It had cost ₹ 12,000, accumulated depreciation being ₹ 7,000 is to be provided on it

## OR

10. (a) What is Cash Flow Statement? State the uses of Cash Flow Statement. 2+3=5
- (b) Given below is the summarized Balance Sheets of X Ltd., prepare a Cash Flow Statement for the year ended 31st March, 2019 : 10

Equity and Liabilities	31.03.2018 ₹	31.03.2019 ₹	Assets	31.03.2018 ₹	31.03.2019 ₹
Share Capital	2,00,000	2,50,000	Goodwill	10,000	2,000
12% Debenture	1,00,000	80,000	Plant and Machinery	3,00,000	4,10,000
General Reserve	20,000	30,000	Sundry Debtors	1,10,000	1,50,000
Profit & Loss A/c	30,000	40,000	Cash and Bank	15,000	18,000
Sundry Creditors	60,000	1,60,000			
Proposed Dividend	<u>25,000</u>	<u>20,000</u>			
	<u>4,35,000</u>	<u>5,80,000</u>		<u>4,35,000</u>	<u>5,80,000</u>

During the year a plant costing ₹ 40,000 was sold at a profit of ₹ 30,000 (Accumulated Depreciation being ₹ 20,000)

★ ★ ★