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Bachelor of Business Administration 1st Semester
(2122)

FINANCIAL ACCOUNTING

Paper : BBAS105

Time Allowed : Three Hours] [Maximum Marks : 80

Note :—Attempt FOUR short answer type questions from Section-A. Attempt TWO questions each from Sections B and C respectively.

SECTION—A

Attempt any FOUR of the following.

- I. (a) What is business dual aspect concept ?
(b) Prepare a journal for the following transactions :

Date	Transactions	Rs.
2020		
Jan 1	Sold goods to Aman	50,000
Jan 2	Purchased goods from Raman	10,000
Jan 5	Aman returned goods	2,000
Jan 7	Paid cash to Raman, discount received	9,500 500
Jan 10	Aman declared insolvent and final dividend of 50 paise in the rupee received	

- (c) X Limited forfeited 2000 shares of Rs.10 each, Rs. 8 per share being called up on which a shareholder paid application and allotment money of Rs. 5 per share but did not pay the first call money of Rs. 3 per share. Of these forfeited shares, 1500 shares were subsequently re-issued by the company as fully paid up for Rs. 8 per share. Pass journal entries for forfeiture and reissue.
- (d) On 1st January 2020 machinery was purchased by A for Rs. 50,000. On 1st July 2021 additions were made to the extent of Rs. 10,000. On 1st April 2022 further additions were made to the extent of Rs. 6,400.

On 30th June 2023, machinery the original value of which was Rs. 8,000 on 1st January 2020 was sold for Rs. 6,000. Depreciation is charged at the rate of 10% p.a. on original cost. Show the machinery account from 2020 to 2023 in the books of A. A closes his books on 31st December.

- (e) Prepare accounting equation on the basis of the following :
- (i) Rahim started business with cash Rs. 20,000.
 - (ii) Rahim purchased furniture for cash Rs. 2,000.
 - (iii) Rahim paid rent Rs. 200.
 - (iv) Rahim purchased goods on credit Rs. 3,000.
 - (v) Rahim sold goods (cost price Rs. 2,000) for Rs. 3,000 on cash.
- (f) Distinguish between Reserve Capital and Capital Reserve.

4×5

SECTION—B

- II. Discuss the merits and demerits of various methods of calculating depreciation. 15
- III. What do you understand by Bank Reconciliation statement? Why and how it is prepared. 15
- IV. From the following figures extracted from the books of Shri Mohan you are required to prepare a Trading and Profit and Loss Account for the year ended 31st March 2017 and a Balance Sheet on that date after making the necessary adjustments :

Particulars	Amount in Rs.	Particulars	Amount in Rs.
Shri Mohan's Capital	2,28,800	Stock on 1-4-2017	38,500
Shri Mohan's Drawings	13,200	Wages	35,200
Plant and Machinery	99,000	Sundry Creditors	44,000
Freehold Property	66,000	Postage and Telegrams	1,540
Purchases	1,10,000	Insurance	1,760
Return Outwards	1,100	Gas and fuel	2,970
Salaries	13,200	Bad debts	660
Office Expenses	2,750	Office Rent	2,860
Office Furniture	5,500	Freight	9,900
Discount A/c (Dr.)	1,320	Loose Tools	2,200
Sundry Debtors	29,260	Factory Lighting	1,100
Loss to Shri Mohan @ 10% per annum		Provision for doubtful debts	880
balance on 1-4-2016	44,000	Interest on loan to Shri Krishna	1,100
Cash at Bank	29,260	Cash in hand	2,640
Bills Payable	5,500	Sales	2,31,440

Adjustments :

1. Stock on 31st March 2017 was valued Rs. 72,600.
2. A new machine was installed during the year costing Rs. 15,400, but it was not recorded in the books as no payment was made for it. Wages Rs. 1,100 paid for its erection has been debited to wages account.
3. Depreciate Plant and Machinery by $33\frac{1}{3}\%$.
Furniture by 10%
Freehold property by 5%
4. Loose tools were valued at Rs. 1,760 on 31st March 2007.
5. Of the Sundry Debtors Rs. 600 are bad and should be written off.
6. Maintain a provision of 5% on Sundry Debtors for doubtful debts.
7. The manager is entitled to a commission of 10% of the net profits after charging such commission. 15.

V. Prepare a Three Column Cash Book from the following transactions and bring down the balance for the start of next month.

2018 April		In Rs.	2018 April		In Rs.
1	Cash in Hand	2,500	19	Paid into Bank	400
1	Cash at Bank	10,000	23	Withdrew from	
2	Paid into Bank	1,000		Bank for private	
5	Brought furniture			expenses	600
	and issued cheque	2,000	24	Received cheque	
8	Purchased goods for			from Patel	1,430
	cash	500		Allowed him	
12	Received from			discount	20
	Mohinder	980	26	Deposited Patel's	
	Discount Allowed	20	28	Cheque into Bank	
14	Cash Sales	4,000	30	Withdrew cash	2,000
16	Paid to Amarnath by			from Bank for	
	cheque	1,450		Office use	
	Discount allowed	50		Paid rent by	
				Cheque	800

15

SECTION—C

VI. What are Right shares ? State the relevant provisions of the Companies Act regarding rights issue in the case of public company. How is the value of right shares computed ? 15

VII. Prepare in a summarized form and contents of Profit and Loss account of a company as per Companies Act 2013.

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VIII. On 1st January 2020 A Limited Company issued 10,000 14% Debentures of Rs. 10 each payable after 3 years. It has been decided to establish a Sinking fund for their redemption. The annuity table shows that the annuity of Rs. 1 for three years at 10% interest amounts to Rs. 33,100. The investment yields 10% interest. The investment is to be made in nearest 10 rupees. Prepare necessary accounts for three years.

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IX. X Ltd. invited applications for the issue of 80,000 shares of Rs. 10 each at a premium of 2.50 payable as follows :

On Application	Rs. 3
On Allotment	Rs. 4.5 (including premium)
On first call	Rs. 2
On final Call	Rs. 3

Applications were received for 1,70,000 shares out of which application for 10,000 shares were rejected. The allotment was made pro-rata to the remaining applicants. Money overpaid was adjusted on allotment. Anil to whom 2,000 shares were allotted failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Sunil the holder of 1,200 shares did not pay the two calls and his shares were also forfeited after the second call. Of these forfeited shares 2,400 shares were reissued @ Rs. 8 per share as fully paid up including the whole of Anil's share.

Show necessary Journal entries and balance sheet. 15