

(i) Printed Pages : 7 Roll No.

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Bachelor of Business Administration 1st Semester
(2123)

FINANCIAL ACCOUNTING

Paper : BBAS105

a

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :—(1) From Section A : Attempt any **FOUR** out of **SIX** questions. Each carries **5** marks.

(2) From Section B and Section C : Attempt any **TWO** out of **FOUR** questions from each Section. Each carries **15** marks.

SECTION—A

1. Differentiate between cash basis and accrual basis systems of accounting.
2. Differentiate between debit note and credit note.
3. Prepare Accounting Equation from the following transactions :
 - (a) Mohan commenced business with cash Rs. 70,000.
 - (b) Purchased goods on credit from Sohan Rs. 14,000.
 - (c) Paid wages Rs. 500.
 - (d) Paid to Sohan Rs. 10,000.
 - (e) Purchased furniture Rs. 1,000.
 - (f) Goods stolen by the storekeeper Rs. 200.
 - (g) Received commission Rs. 100.

4. Dishtv Company Ltd. decided to make a right issue to existing shareholders in proportion of 3 shares for every 4 held. Issue price per share is Rs. 150. Market Price at the time of right issue is Rs. 200. Calculate Value of Right.
5. On 1st January 2010, a limited company issued debentures of the face value of Rs. 50,000 at a discount of 3%. The debentures were repayable by annual drawings of Rs. 10,000 made on 31st December each year. The directors decided to write off the discount on issue over the period of the debentures in such a way as to charge each year with an amount proportionate to debentures outstanding in that year.

Show the amount of the discount that should be written off in each of the five years. Also show the discount on debentures account in the company's ledger for the period of the duration of debentures.

6. Pass Journal Entries for Set Off from the following information :
Output CGST 20,000; Output SGST 20,000; Input CGST 15,000; Input SGST 15,000.

SECTION—B

7. Y Ltd. purchased a second-hand machinery on 1st January 2007 for Rs. 3,70,000 and immediately spent Rs. 20,000 on its repairs and Rs. 10,000 for installation. On 1st July 2008, it purchased another machine for Rs. 1,00,000.

On 1st July 2009, it sold off the first machine for Rs. 2,50,000 and bought another for Rs. 3,00,000. Depreciation was provided on machine @ 10% p.a. on original cost annually on 31st December. With effect from 1st January 2010, the company changed the method of providing depreciation and adopted the W.D.V. method and the rate of depreciation was 15% p.a. Prepare Machinery Account for 4 years.

8. From the following balances extracted from the books of Mr. Rati Ram Saboo and the subjoined information, you are required to prepare Profit and Loss Account for the year ended on 31-3-2012 and Balance Sheet on that date :

	Debit (Rs.)	Credit (Rs.)
Stock on April 1, 2011	60,500	
Purchases and Sales	90,300	1,37,200
Returns	2,200	1,300
Capital		30,000
Drawings	4,500	
Land and Buildings	30,000	
Furniture and Fittings	8,000	
Sundry Debtors and Creditors	25,000	45,000
Cash in Hand	3,500	
Investments	10,000	

Interest		500
Commission		3000
Direct Expenditure	7,500	
Postage and Stationery	2,500	
Fire Insurance Premium	2,000	
Salaries	11,000	
Bank Overdraft		40,000
Total	2,57,000	2,57,000

Adjustments :—

- Closing Stock on 31st March 2012 was valued at Rs. 65,000. Goods worth Rs. 500 are reported to have been taken away by the proprietor for his personal use at home during 2011-2012.
- Interest on investments Rs. 500 is yet to be received while Rs. 1,000 of the commission received is yet to be earned next year.
- Rs. 500 of the fire insurance premium paid is in respect of the quarter ending 30th June 2012.
- Salaries Rs. 1,000 for March 2012 and bank overdraft interest estimated at Rs. 2,000 have to be recorded as outstanding charges.
- Depreciation is to be provided on Land and Buildings @ 5% and on Furniture and Fittings @ 10%.

- (f) Write off Rs. 1,000 from debtors and make provision for doubtful debts @ 5% on debtors.
- (g) Rs. 10,000 claim against Mr. Rati Ram Saboo not acknowledged debt as yet.
9. Discuss in detail the various concepts and conventions of accounting.
10. Define Trial Balance. What are the various errors which are revealed and not revealed by the Trial Balance ?

SECTION—C

11. The following are the balances of Sanjay Limited as on 31st March 2020 :

Debit	Amount (Rs.)
Goodwill	2,50,000
Bank	4,07,000
Call in Arrears (on 10000)	75,000
Interim Dividend Paid	6,00,000
Purchases	18,50,000
Share Issue expenses	50,000
Wages	7,71,000
General expenses	69,000
Salaries	2,03,000
Premises	30,72,000
Plant	33,00,000
Inventories	7,50,000
Trade Receivables	8,70,000
Bad debts	21,000
Debenture Interest Paid	1,80,000
Total	1,24,68,000

Credit	Amount (Rs.)
Bills payable	3,70,000
Creditors	4,00,000
Profit and Loss Balance	2,63,000
General Reserve	2,50,000
Sales	41,50,000
Bad debts Provision	35,000
Equity Share capital (Rs. 10 each)	40,00,000
12% Debentures	30,00,000
Total	1,24,68,000

Additional Information :—

- (1) Write off Rs. 5,000 from share issue expenses.
- (2) Depreciate Plant by 10%.
- (3) Provide for income tax @ 35%.
- (4) Create 5% provision on trade receivables for doubtful debts.
- (5) Inventories on 31st March 2014 was Rs. 9,50,000.

Prepare statement of Profit and Loss Account and Balance Sheet.

12. S.P. Ltd. issued a prospectus inviting applications for 2,000 shares of 10 each at a premium of Rs. 2 per share, payable as following : On Application on 3 (including Re. 1 premium);

On Allotment Rs. 4 (including Re. 1 premium); On First call Rs. 3; On Second and Final Call Rs. 2.

Applications were received for 3,000 shares and pro-rata allotment was made on the applications for 2,400 shares. It was decided to utilize excess application money towards the amount due on allotment.

Ramesh to whom 40 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited. Mohan, who applied for 72 shares failed to pay the two calls and on his such failure, his shares were forfeited.

Of the shares forfeited, 80 shares were sold to Krishan credited as fully paid for 9 per share, the whole of Ramesh's shares being included.

Give journal entries to record the above transactions. Also Prepare Balance Sheet.

13. Explain the SEBI guidelines regarding issue of bonus shares.
14. Discuss in detail the various methods of redemption of debentures.