

M.B.A. (CBCS Pattern) Semester-I
PCB1F05 - Financial Accounting

P. Pages : 5

Time : Three Hours



GUG/W/24/10678(S)

Max. Marks : 70

- Notes : 1. Attempt **any five** questions.
2. All questions carry equal marks.

1. a) Explain different concepts of Accounting? 7
b) Journalise the following transaction on the book of Raja.

2018 7

- August 1 Shri Raja invested in business 2,00,000/-
2 Opened an account with the bank of India by depositing cash – 16,000/-
3 Purchased goods for cash – 5,000/-
4 Purchased machinery for cash – 8,000/-
5 Cash purchase of goods – 3,000/-
6 Cash sales – 9,000/-
15 Withdraw cash for personal use 2,000/-
16 Purchased goods from Preetam on Credit – 6,000/-
25 Received cash on account from Ram – 3,500/-
26 Paid to Mira 2,500/-
29 Paid Rent 1250
30 Received commission 1750
30 M/s Rams bon's returned goods 1000

2. On 31st March, 2015 the cash book of Gopal disclosed a balance of 12580/- on checking entries in the cash book with bank statement, it was ascertained that. 14
- 1) Cheques amounting to Rs.18000 were drawn on 25th March, of which cheques of Rs.4800 were cashed before 31st March.
 - 2) Out of cheques received and entered in the bank column of the cash book for Rs.18000, Rs.16000, sent to bank but pass book recorded Rs.6200/- after the data.
 - 3) An amount of Rs.5000/- paid directly into the Merchant's account by customer, was not entered in the cash book.
 - 4) The bank erroneously debited Gopal's Account for a cheque of Rs.1700/-
 - 5) On 31st march, cash was deposited into the bank Rs.12720, but the cashier debited the bank account with Rs.12270 by mistake.
 - 6) Dividend collected by bank on our behalf Rs.570/- does not appear in the cash book.
 - 7) Rs.300/- is entered in the bank statement as bank charges. This was recorded as Rs.200/- in the cash book.
- Prepare bank reconciliation statement.

Receipts	Amount	Payment	Amount
To Balance (B/d) on (1-1-2006)	3,3,50	By salaries	4,500
To subscription (Including Rs.250 for 2005, and Rs.150 for 2007)	8,900	By Rent	2,200
To Donation	15,000	By printing & stationary	190
To Admission fees	100	By postage	160
To sale of old new paper	50	By furniture	5,000
To sale of old furniture (book value of Rs.400)	300	By Investment:	
		Govt defence bond	1,500
		National saving certificate	10,000
		By sports material purchased	2,000
		By general exp.	500
		By Repair's for sports material	200
		By closing cash bal.	1,450
	27,700		27,700

Additional information:-

- Assets on 1st January 2006 were as follows:- Land & Building Rs.5000, furniture Rs.400 Sports material Rs.1100. Outstanding subscription Rs.250.
 - Donation represent, Donation for building.
 - Subscription outstanding for the year 2006 Rs.500/-
 - Outstanding salaries for 2006 Rs.500
 - Depreciation on furniture by 10% and sports material is valued at Rs.800/-
- Prepare income & expenditure account for the year ended on 31st December, 2006 and balance sheet on that date.

Trial balance as on 31st December 2015

Particular	Dr. Amount	Cr. Amount
Share capital		72,000
General reserve		22,000
Dividend equalization fund		14,000
Provision for tax		8,350
Unclaimed dividends		1,050
Public deposits taken		900
Sundry creditors		77,190
Stock of wheat on 1-1-2015	16,500	
Stock of floor on 1-1-2015	9,500	
Wheat purchased	4,05,000	
Production expenses	80,000	
Sale of flour		5,30,000
Salaries	12,000	
Wages	5,000	
Printing & stationary	1,600	
Postage & telegram	1,000	
Interest on investment		260

Rent received		1,200
Profit & loss appropriation A/c (1-1-2015)		6,500
Director's fees	250	
Land	12,000	
Building	50,000	
Travelling expenses	1,250	
Audit fees	1,000	
General expenses	400	
Furniture	5,000	
Motor vehicle	24,000	
Stores & spare parts	15,000	
Advances	12,000	
Sundry debtor's	30,000	
Prepaid insurance	850	
10% Government Bond	5,000	
Cash in hand	1,100	
Cash at bank	45,000	
Total	7,33,450	7,33,450

Additional Information:-

- 1) Stock on 31st December 2015 was as follows wheat Rs.30,000, Flour's Rs.45,000
- 2) Unpaid expenses were as follows:
Production expenses Rs.24,000, Salaries Rs.1,000, Wages Rs.800, Printing & Stationary Rs.1,400.
- 3) Interest accrued on investment Rs.240
- 4) Provide tax for 2015 Rs.10,000.
- 5) Provide depreciation on:
Building @ 10% furniture @ 15% Motor Vehicle @ 20%
- 6) Board of Director's propose the following appropriation on profit.
 - a) To declare a dividend @ 15% on equity capital
 - b) To Transfer a sum of Rs.4000 to General reserve.
 - c) To Transfer Rs.2000 to dividend equalisation fund

5. a) The following is the balance sheet of Mr. Chandy as on 30th September 2018

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Liabilities	Amount	Asset	Amount
Capital	1,64,000	Land & Building	36,000
General reserve	40,000	Plant	54,000
Creditor's	38,040	Investment	30,000
		Stock	26,850
		Bank	75,990
		Debtor's	19,200
	2,42,040		2,42,040

The following were the net profit for the year ended:-

30th Sep. 2016 – 32,280

30th Sep. 2017 – 36,870

30th Sep. 2018 – 43,350

The above amounts include income from investment Rs.1800 each year.

You are required to value the goodwill of the business at 2 year's purchase of the average super profit for 3 year's, taking into account the fact that standard rate of return on capital employed in such type of business is 10% assuming that each year's profit is immediately withdrawn in full by mm Chandy.

- b) The following is the balance sheet of Bright & Co. as at 31st December 2019.

Liabilities	Amount	Asset	Amount
1000 share of Rs.100 each fully paid up	10,00,000	Building at cost	1,60,000
Reserved fund	3,00,000	Furniture at cost	6,000
<u>Depreciation fund:-</u>		<u>Investments in :-</u>	
Building 20,000		5% Govt securities at cost	7,60,000
Investment <u>90,000</u>	1,10,000		
Sundry creditors	96,000	Stock-in-trade (at market value)	8,50,000
Reserved for bad debt	40,000	Sundry debtors (all considered goods)	6,50,000
<u>Profit & loss Accounts:</u>		Cash at bank	1,40,000
Balance on 31-12-2018 8,60,000			
Profit the year <u>1,60,000</u>	10,20,000		
	25,66,000		25,66,000

It is now ascertained that:

- The Company's prospects are equally goods.
- Profit for the past three years' have shown an increase of Rs.40,000 annually.
- The Building are now worth Rs.1,96,000 and furniture Rs.10,000
- Companies of similar nature are showing a profit-earning capacity of 10% on the Market value of share.

You are required to ascertain the fair value of each share showing in detail your calculate.

6. Nagpur Co. Ltd issued 2000 share @ Rs. 10 each. On a premium of Rs. 2 per share prospectus is issued in general public on which following amounts are demanded. 14

On application	Rs.2 per share
On allotment	Rs.5 per share (including premium)
On first call	Rs.3 per share
On final call	Rs.2 per share

Company received 3000 equity share application out of which 600 application were rejected and allotment was made on pro-rata basis. The excess application money was adjusted at allotment.

Miss Kanta to whom 40 share were allotted did not pay allotment and first call therefore, these share were forfeited.

Miss Shanta to whom 60 share were allotted didn't pay first and final call therefore these share were also forfeited after final call

All forfeited share were re-issued @ Rs. 8 each

Pass Journal entries.

Liabilities	Amount	Asset	Amount
<u>Paid up capital:</u>		<u>Fixed Assets:</u>	
1000 6% preference share of Rs.100 each	1,00,000	Land & Building	2,00,000
2000 equity share of Rs. 100 each	2,00,000	Plant & Machinery	2,20,000
3000 equity share of Rs.100 each 50 paid up	1,50,000	<u>Current Asses:-</u>	
Secured loan		Stock	1,00,000
6% debentures (floating charges on all assets)	1,00,000	Debtor's	1,00,000
Other's (Mortgage on Land & Building)	1,00,000	Cash at bank	30,000
<u>Current liabilities</u>		<u>Misc expenditure:</u>	
Sundry creditors	90,000	Profit & loss Account	1,00,000
Income tax	10,000		
	7,50,000		7,50,000

The company went into liquidation on 1st January 2015

- 1) The preference dividends were in arrear's for the three year's. The arrear's are payable on liquidation.
 - 2) The asset were realized as follows:-

Land & Building	240,000
Plant & Machinery	180,000
Stock	70,000
Debtor's	60,000
 - 3) The expenses of liquidation amounted to Rs.8000
 - 4) The liquidator is entitled to a commission of 2% on all the asset realized & 3% on amount distributed to unsecured creditor's
- All payment were made on 30th June 2015 prepare liquidator's statement of account.

8. Explain the main characteristics of Joint stock company? 14

9. Explain different types of Debenture? 14

10. Write short notes : **any two.** 14

- a) Forfeiture of share.
- b) Factor's affecting share valuation.
- c) Preferential creditor's under company law.
- d) Importance of Goodwill.
