

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

P. Pages : 4

Time : Three Hours



GUG/W/24/10678

Max. Marks : 70

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

1. a) Journalize the following transactions in the books of Rama & Sons.

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3rd May : Cash deposited into bank 60,000
4th May : Loan given to Bhuvan 20,000
4th May : Paid cash to Veeru 20,000
5th May : Paid to Veeru by cheque 15,000
5th May : Cash received from Tarun 12,000
5th May : Took loan from Anush 15,000
6th May : Cheque received from Pranav 15,000
6th May : Paid to Intel Computers by cheque 17,000
6th May : Withdrew from bank 5,000
7th May : Withdrew from bank for office use 8,000
7th May : Cash received from Bhuvan on loan account 10,000
8th May : Withdrew from bank for personal use 1,000
8th May : Cash taken by proprietor for personal use 3,000
9th May : Bought furniture and paid by cheque 15,000
9th May : Paid to Anush by cheque on loan account 5,000
9th May : Brought additional capital of 25,000.

- b) Prepare a double column cash book using the following transactions, and post the entries, therefore, to ledger accounts. For the year 2016, the transactions are as follows:

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Jan 01 : Opening balance of cash 4,500
Jan 03 : Received cash from R & Co. 3,880 and allowed them a discount of 20.
Jan 05 : Paid cash to H & Co. 3,590 and received a discount of 10.
Jan 07 : Merchandise purchased for cash 940.
Jan 09 : Received interest on investment 365.
Jan 12 : Purchased machinery for cash 4,100.
Jan. 15 : Cash sales for the first half of the month 6,500
Jan. 17 : Paid cash for stationery 635
Jan. 20 : Paid for office furniture 710
Jan. 21 : Paid to H & Co. 970 and received a cash discount of 30.
Jan. 28 : Cash received from R & Co. 670 and allowed them a discount of 30.
Jan. 31 : Cash sales for the second half of the month 7,600.
Jan. 31 : Paid for salaries 1,250.

2. A Summary of Receipts and Payment of Medical Aid Society for the year ended 14th December 2008 is given below: 14

Particulars	Amount	Particulars	Amount
Balance (1.1.2008)	70,000	Payment for Medicines	3,00,000
Subscription	5,00,000	Honorarium to Doctor	1,00,000
Donations	1,45,000	Salaries	2,75,000
Interest on Investments @ 7% P.A.	70,000	Sundry Expenses	5,000
Charity Show proceeds	1,00,000	Equipment Purchase	1,50,000
		Charity Show Expenses	10,000
		Balance (31.12.2008)	45,000
	8,85,000		8,85,000

You are required to prepared Income & Expenditure account for the year ended 31st December, 2008 and Balance Sheet as on that date.

Particulars	1.1.2008 (Rs.)	31.12.2008 (Rs.)
Subscription Due	5,000	10,000
Subscription received in advance	10,000	5,000
Stock of Medicines	1,00,000	1,50,000
Amount due to Medicine Suppliers	80,000	1,20,000
Value of Equipments	2,10,000	3,00,000
Value of Buildings	4,00,000	3,80,000

You are required to prepare Income & Expenditure account for the year ended 31st December, 2008 and Balance Sheet as on that date.

3. From the following balances, prepare the trading and profit and loss account and balance sheet as on March 31, 2017. 14

Debit Balances	Amount	Credit Balances	Amount
Drawings	6,300	Capital	1,50,000
Cash at bank	13,870	Discount received	2,980
Bills receivable	1,860	Loans	15,000
Loan and Building	42,580	Purchases return	1,450
Furniture	5,130	Sales	2,81,500
Discount allowed	3,960	Reserve for bad debts	4,650
Bank charges	100	Creditors	18,670
Salaries	6,420		
Purchases	1,99,080		
Stock (opening)	60,220		
Sales return	1,870		
Carriage	5,170		
Rent and Taxes	7,680		
General Expenses	3,630		
Plant and Machinery	31,640		
Book debts	82,740		
Bad debts	1,250		
Insurance	750		
	4,74,250		4,74,250

Adjustments:

- 1) Closing stock 70,000
- 2) Create a reserve for bad and doubtful debts @ 10% on book debts.
- 3) Insurance prepaid 50
- 4) Rent outstanding 150
- 5) Interest on loan is due @ 6% p.a.

4. a) The average net profits before adjustment(s) is Rs. 5,14,000. The profit includes interest at 8% on non-trading investments. The cost of these investments is Rs. 1,98,200 while the face value at Rs. 2,00,000. Expenses amounting to Rs. 7,000 per annum is likely to be discontinued in future. The provision for income tax be made at 30%. The normal rate of return may be taken at 10%. The average capital employed in the business (including investments) is Rs. 18,98,200. Assuming four years' purchase of super profits, compute the value of goodwill. 7
- b) From the information given below and the balance sheet of Cipla Limited on 31st December, 2009, find the value of shares by Intrinsic value method. 7

Balance Sheet

Particulars	Amount	Particulars	Amount
1000, 8% Preference Shares of Rs. 100 each fully paid.	1,00,000	Buildings	70,000
		Furniture	3,000
4,000 Equity shares of Rs. 100 fully paid	4,00,000	Stock (Market value)	4,50,000
Reserves	1,50,000	Investment at cost (face Value 4,00,000)	3,35,000
Profit and Loss account	5,10,000	Debtors	2,80,000
Creditors	48,000	Bank	60,000
		Preliminary Expenditure	10,000
	12,08,000		12,08,000

Building is now worth of Rs. 3,50,000 and the Preferential shareholders are having preference as to capital and dividend.

5. Lupin Co. Ltd issued 10,000 shares of Rs. 100 each at a premium of 10% payable as under 14
- * On application – Rs.30
 - * On allotment – Rs. 60 (Including premium)
 - * On call- Rs. 20.

Arihant holding 700 share failed to pay the call money. The company forfeited his share and reissued them to Jatin as fully paid at Rs. 90 per share. Give journal entries to record the above transactions and show the balance sheet of the company.

6. A limited company went into voluntary liquidation on 31st December 1991. The Balance Sheet as on that date was as follows: 14

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share Capital:		Building	2,00,000
5,000, 10% Preference Share of Rs. 100/- each	5,00,000	Machinery	6,00,000
		Stock	3,00,000
5,000 Equity Share Rs. 100 each Rs. 90/- fully paid	4,50,000	Sundry Debtors	4,00,000
		Loans	60,000
5,000 Equity Share Rs. 100/- each, Rs. 80/- paid	4,00,000	Cash at Bank	40,000
		Preliminary Expenses	30,000
12% Mortgage Loan on Building	1,00,000	Profit & Loss A/c.	3,70,000
6% Debenture (Secured by floating charge)	2,00,000		
Preferential Creditors	50,000		
Trade Creditors	3,00,000		
	20,00,000		20,00,000

Interest on mortgage loan and debenture is paid up to 31st December 1991. Liquidator is entitled to a commission of 3% on actual cash realized by him excepting cash at bank and 2% on amounts distributed among Equity Shareholders. The dividend on preference share was in arrears for two years. The arrears are payable on liquidation.

The assets realized as follows:-

- 1) Building 50% over book value.
- 2) Machinery 20% less, Stock 5% less and Sundry debtors 10% less than the book values.
- 3) Loans were wholly bad.
- 4) The expenses of liquidation amounted to Rs. 13,250/-
- 5) Building was sold by the liquidator.

Assume the payment was made on 31st March, 1992, prepare liquidator's final statement of account.

7. Define Joint Stock Company? Explain the characteristics and types of company. 14
8. Discuss the various factors affecting valuation of share. 14
9. Define the liquidation? State its objective and types of liquidation. 14
10. Write Short Note **any two**. 14
- 1) Difference between Management Accounting and Financing Accounting.
 - 2) Concepts of Accounting.
 - 3) Features of receipt and payment account.
 - 4) Accounting Process.
