

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

P. Pages : 5

Time : Three Hours



**GUG/S/23/10678**

Max. Marks : 70

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

1. a) Journalise the following transactions in the books of Mr. Tejas Debit balance on 1<sup>st</sup> April, 2011 cash at bank Rs.1,50,000, Sundry Debtors Rs.22,000, Stock Rs.50,000, Land & Building Rs.3,50,000, Credit Balance on 1<sup>st</sup> April, 2011 Sundry Creditors-Malini Rs.30,000 Bank loan Rs.50,000. **7**  
Transaction during the month of April, 2011.  
2011 April
- 1 Purchased goods worth Rs.40,000 for cash less 25% trade discount
  - 4 Sold goods to Mohan Rs.40,000
  - 6 Purchased goods from Sohan worth 20,000
  - 9 Goods costing Rs.2,000 distributed as free samples
  - 11 Received an amount of Rs.4,000 from Vijay which was previously written off as bad debts.
  - 15 Purchased goods, from Bhavesh Rs.40,000 at 10% trade discount
  - 15 Paid to Bhavesh 1/3<sup>rd</sup> amount in cash
  - 21 Received cash gift Rs.22,000 from mother-in-law with which purchased shares of Tata Co. for the business.
  - 25 Repayment of Bank loan with interest Rs.10,000 (Interest Rs.2,000)
  - 29 Sold goods to Ashok Rs.80,000 at 10% trade discount and received half the amount in cash.
  - 30 Paid for printing & stationary Rs.8,000
  - 30 Withdraw cash from bank for personal purpose Rs.2,000.
- b) Record the following transactions of Manas Traders in Cash Book with cash and bank columns for the month July 2011. **7**  
2011 July
- 1 Started business with Rs.1,00,000
  - 2 Opened current account with bank and deposited Rs.35,000
  - 3 Purchased goods of Rs.12,000 from Pratik on credit
  - 4 Purchased office equipment of Rs.9,000 and paid by cheque.
  - 6 Paid to Pratik Rs.11,850 in full settlement of his account Rs.12,000
  - 9 Sold goods for cash Rs.8,000 @ 10% cash discount
  - 11 Paid telephone bill Rs.1,750 by cheque and octroi Rs.3,000 by cash.
  - 12 Received a bearer cheque of Rs.8,740 for credit sales effected to Minal on 25<sup>th</sup> June, 2011.
  - 16 Withdraw cash from bank for personal use Rs.5,000
  - 20 Deposited into bank the cheque received on 12<sup>th</sup> July 2011
  - 22 Received crossed cheque of Rs.3,400 for sales
  - 25 Withdraw cash for office use Rs.9,000
  - 27 Received commission from Swapnali Rs.1,700
  - 30 Paid office salary by cheque Rs.12,000.

2. Prepare a Bank Reconciliation statement from the particulars. 14
- Overdraft as per cash book Rs.20,000
  - Overdraft as per pass book Rs.19,850
  - Cheque deposited into the bank but no entry passed in the cash book Rs.1,300
  - Cheque received and entered into cash book but not sent to the bank Rs.300
  - Credit side of the bank column casted short Rs.100
  - Insurance premium paid directly by the bank under standing order Rs.1,000
  - Bank charges entered in the cash book twice Rs.250
  - Cheque received return by bank but no entry passed Rs.1,500
  - Bills discounted dishonoured Rs.2,000
  - Bills receivable directly collected by the bank Rs.3,500.

3. From the trial balance and other information given below for a school. Prepare income and expenditure account for the year ended on 31-3-2011 and a balance Sheet as on that date : 14

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Building	6,00,000	Admission Fees	6,000
Furniture	80,000	Tuition fees received	3,00,000
Library Books	80,000	Creditors for supplies	20,000
Investment @ 9%	3,00,000	Rent for the school hall	15,000
Salaries	3,08,000	Miscellaneous receipts	4,000
Stationary	30,000	Government grant	2,50,000
General Expenses	12,000	General Fund	8,00,000
Sports Expenses	18,000	Donation for library books	75,000
Cash at bank	55,000	Sale of old furniture	20,000
Cash in hand	7,000		
	14,90,000		14,90,000

Additional Information :

- Fees yet to be received for the year Rs.20,000.
- Salaries yet to be paid amount to Rs.12,000
- Furniture costing Rs.20,000 was purchased on October 1, 2010.
- The book value of the furniture sold was Rs.50,000 on April 1, 2010.
- Depreciation is charged on building @ 5% p.a., on furniture @ 10% p.a. and library books @ 20% p.a.

4. Fine Products Ltd. was registered with a nominal capital of Rs.5,00,000 divided into shares of Rs.100 each The following Trial Balance is extracted from the books on 31<sup>st</sup> March, 2010 :

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Particulars	Rs.	Particulars	Rs.
Building	2,90,000	Sales	5,20,000
Machinery	1,00,000	Salaries outstanding	2,000
Closing Stock	90,000	Provision for Bad debts (1-4-2009)	3,000
Purchases (adjusted)	2,10,000	Share capital	2,00,000
Salaries	60,000	Profit & Loss A/c	25,000
Director's fees	10,000	General Reserve	40,000
Rent	26,000	Creditors	92,000
Depreciation	20,000	Provision for depreciation :	
Bad debts	6,000	On Building 50,000	
Interest accrued on Investments	2,000	On Machinery <u>55,000</u>	1,05,000
Investments (12,000 shares of A ltd. of Rs.10 each, Rs.8 paid up)	1,20,000	14% Debentures	2,00,000
Debenture Interest	28,000	Interest on Debentures accrued but not due	14,000
Loose Tools	20,000	Interest on Investment	12,000
Advance Tax	60,000	Unclaimed dividend	5,000
Sundry Expenses	18,000		
Debtors	1,25,000		
Bank Balance	30,000		
Interim Dividend	3,000		
	12,18,000		12,18,000

You are required to prepare Trading and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2010 and Balance Sheet as at that date after taking into consideration the following information :

- Closing stock is more than opening stock by Rs.30,000
- Provide for bad and doubtful debts @4% on Debtors.
- Make a provision for Income tax @ 50%.
- Depreciation expenses included depreciation of Rs.8,000 on buildings and that of Rs.12,000 on machinery.
- The directors recommend a dividend @ 25%.

5. a) From the following Balance Sheet of a limited company as on 31<sup>st</sup> March, 2010. Estimate the value of goodwill.

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Balance Sheet

Liabilities	Rs.	Assets	Rs.
8,000 equity shares of Rs.100 each	8,00,000	Building	3,40,000
6% Debentures of Rs.100 each	1,00,000	Plant	2,10,000
Creditors	1,40,000	Machinery	2,50,000
Bills Payable	80,000	Furniture	1,50,000
Provision for tax	70,000	Debtors	1,40,000
Outstanding Liability	20,000	Stock	1,80,000
Profit & Loss A/c	1,40,000	Cash	20,000
	13,50,000	Bank	60,000
			13,50,000

The expert valuer, valued the building at Rs.4,00,000, Plant at Rs.2,50,000 Machinery at Rs.2,10,000 and Furniture at Rs.1,40,000 out of the total debtors Rs.10,000 are bad.

The profits of the company have been as follows :

Year Ended	Rs.
31-3-2009	1,10,000
31-3-2008	1,90,000
31-3-2007	2,40,000
31-3-2006	1,40,000
31-3-2005	1,90,000

Goodwill is to be accessed 4 times on the basis of average super profit of last five years.

Reasonable rate of return on capital invested is 11%.

- b) The following is the Balance Sheet of Rupa Co. Ltd. as on 31<sup>st</sup> December, 2007.

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Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity share capital (6,000 share of Rs.100 each)	6,00,000	Cash at Bank	50,000
		Sundry Debtors	80,000
5% Debentures (5,000 debentures of Rs.100 each)	5,00,000	Stock	1,20,000
		Investments	1,00,000
General Reserve	70,000	Land & Building	4,10,000
Profit & Loss A/c	20,000	Furniture	60,000
Sundry Creditors	30,000	Goodwill	70,000
Other liabilities	10,000	Plant & Machinery	3,40,000
	12,30,000		12,30,000

All the assets were independently valued at Rs.14,00,000.

The company earned net profits for the last five years as follows :

Rs.80,000 ; Rs.84,000 , Rs.92,000, Rs.88,000 & Rs.96,000

It was decided to set a side 15% of the profits towards General Reserve and a fair investment return may be taken at 10%. Find out the value of equity shares of the company by the

- Net Assets valuation method, and
- yield valuation method.

6. Maharashtra Transport Co. Ltd., invited applications for 40,000 equity shares of Rs.100 each at discount of Rs.4 per share. The amount was to be paid as follows :

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On Application	Rs.20 per share
On Allotment	Rs.36 per share
On First & Final Call	Rs.40 per share (after following discount)

The public applied for 36,000 shares and these were allotted all money due were collected with the exception of the first and final call on 4,000 shares and these were forfeited. 2,000 of these shares were reissued as fully paid for a payment of Rs.80 per share pass the journal entries in the books of the company.

7. Nagpur Company went into a liquidation and balance sheet was as follows :

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Liabilities	Amount	Assets	Amount
5,000 preference share of Rs.10 each	50,000	Building	75,000
		Machinery	20,000
20,000 equity share of Rs.10 each Rs.5 paid up	1,00,000	Stock	10,000
		Debtors	7,500
Creditors	98,725	Cash	500
		P & L A/c	1,25,725

Mr. 'Y' appointed as liquidator sold the assets which use as follows :

- |    |                  |        |
|----|------------------|--------|
| i) | Building         | 50,000 |
|    | Machinery        | 5,000  |
|    | Liquidation Exp. | 1,250  |
|    | Stock            | 2,500  |
- ii) 5,000 recovered from debtors.
- iii) Out of creditors Rs.1,000 are fully secured creditors Rs.,2725 are preferential creditors and remaining are unsecured creditors.
- iv) Remuneration 5% are assets realized and 2.5% on amount distributed to unsecured creditors excepted preferential creditors.
- v) Liquidation made the call on unpaid ordinary share and was paid in full  
Prepare liquidator final statement of A/c.

8. What is Financial Accounting ? Explain its scope and importance. **14**
9. What is liquidation ? Explain the objectives and types of liquidation. **14**
10. Write short notes **any two**. **14**
- a) Advantages of double entry system.
- b) Dividend equalization fund.
- c) Explain kinds of share.
- d) Give objective of non trading institutions.

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