

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

P. Pages : 5

Time : Three Hours



**GUG/W/22/10678**

Max. Marks : 70

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

1. a) Journalise the following transaction in the books of Nirmal –

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2008 Dec.		
1	Received from father-in-law Rs. 10,000, as gift and deposited the same into the account of business	-
2.	Took Loan from Mrs. Shalini	5,000
3.	Paid Rent to Landlord in advance.	375
4.	Received Rent from Sub-tenants	100
6.	Paid for Postal Stamps	10
8.	Commission due from Gupta	40
9.	Old typewriter of Rs. 1000 is stolen	-
12.	Sent M.O. to Radhika Rs. 80, M.O. Commission paid Rs. 2	-
13.	Purchased Securities worth Rs. 2,000 & paid for brokerage	60
15.	Paid for Nirmal's club bill	600
18.	Gave Charity	300
19.	Sold Private Scooter and invested in business	2000
20.	Bought equity share of Bharat fertilizers.	900
23.	Received from Sita one hundred rupee and gave her charge for it	-
24.	Invested in National Small Saving certificate	100
27.	Paid Rs. 200 for Carriage on Machinery	-
28.	Till taking (Cash sales)	500
30	Paid Income tax	200

- b) Prepare a Bank Reconciliation Statement from the following particulars as on 30<sup>th</sup> June 2017 for Jyoti Sale Private Limited:

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	Rs.
1. Bank overdraft as per Cash Book (on 30 <sup>th</sup> June 2017)	1,10,450
2. Bank overdraft as per pass Book	58,515
3. Cheque issued on 20 <sup>th</sup> June, 2017 but not yet Presented	15,000
4. Cheques deposited but-not yet credited by the bank	22,750
5. Bills sent for collection not advised by the bank but credited to the account	47,200
6. Interest debited by the bank on 27 <sup>th</sup> June. 2017 but no advice Received	12,115
7. Subsidy Received from the authorities by the bank on our behalf, Credited to the account.	22,000
8. Amount Wrongly debited by the bank	2,400
9. Amount Wrongly credited by bank	5,000

2. Prepare Ledger accounts from the following transactions in the books of Mantri.

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January 2010	Rs.
1. Mr. Mantri Started business with Cash	1,50,000
2. Deposited in the bank current A/c	40,000
3. Purchase goods from Sawarkar subject to 5% trade discount	20,000
6. Sold goods to Raj Subject to trade discount 10%	10,000
7. Return goods of Rs. 200 to Sawarkar and paid cash Rs. 5,860 & he allowed discount of Rs. 100	-
10. Cash Purchase & issue cheque.	14,000
12. Raj returned goods worth	200
13. Sold goods to gagan at 10% T.D.	1,000
14. Received from gagan Rs. 860 in full settlement	-
15. Received a cheque from Raj for Rs. 3,950 and was allowed discount Rs. 50	
17. Paid Salaries Rs. 3,800 and rent Rs. 1,600 by cheque	
18. Received Commission from M/S Sawant & Co.	1,800
21. Withdraw goods Rs. 1800 and Cash Rs. 600 for Personal use.	

Prepare Ledger accounts with Trial Balance.

3. The following is the Receipts and Payments A/c for the first year of a Club

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Receipts and Payments Account (for the year ended 31<sup>st</sup> March 2015)

Dr			Cr.
Receipts	Amt.	Payments	Amt.
To Subscriptions (Including Rs. 250 for 2015-16)	4,400	By Purchase of buildings	3,1000
To Interest	70	By Purchase of furniture	760
To Rent	135	By Purchase of Billiards Table	1,112
To Tennis fees	600	By purchase of Investment	2,500
To Billiard fees	230	By Salaries	562
To Match Receipts	4,960	By Tennis expenses	608
To Entrance fees	2,100	By Insurance	60
To Donation for building fund	30,000	By Printing & Stationary	358
To Donation for Prize fund	2,000	By Match expenses	4385
		By Sundry expenses	720
		By Advance to staff	70
		By Distribution of Prizes.	1,000
		By Newspaper Subscriptions (from 1-4-2014 to 30-6-2015)	150
		By Balance C/d	1210
	44,495		44,495

Prepare Income and Expenditure A/c for the year ended 31 March 2013 and also a Balance sheet as on that date after considering the following.

- Subscription due for 2014-2015 amount to Rs. 560
- Insurance has been paid upto 30<sup>th</sup> September 2015
- Salaries outstanding on 31<sup>st</sup> March 2015 amount to Rs. 125.
- One half of the Entrance fees are to be capitalized.
- Building Furniture and billiards table are to be depreciated by 5%, 10% and 12.5% respectively.

4. The Manglore Manufacturing Co. Ltd. was registered with a nominal capital of Rs. 15,00,000 divided into equity share of Rs 100 each. On 31st March 2014 the following ledger Balance. 14

Particular	Rs.
Equity share capital called up & Paid up	11,50,000
Call in arrears	18,750
Plant & Machinery	9,00,000
Stock (1-4-2013)	1,87,500
Fixtures	18,000
Sundry Debtors	2,17,500
Building	7,50,000
Purchases	4,62,500
Interim dividend paid	18,750
Rent	12,000
General expenses	12,250
Debenture Interest	12,500
Bills Payable	95,000
General Reserve	62,500
Profit & Loss Ac. (1-4-2013)	36,250
Preliminary expenses	12,500
Freight and duty	32,750
Goodwill	62,500
Wages	2,12,000
Cash in hand	5,875
Cash at bank	95,750
Directors fees	14,350
Bad debts	5,275
Commission Paid	18,000
Salaries	36,250
6% Debentures	7,50,000
Sales	10,37,500
4% Govt. Securities	1,50,000
Provision for doubtful debts	8,750
Sundry Creditors	1,15,000

Additional Information:

The stock on 31<sup>st</sup> March 2014 was estimated Rs. 252000.

The following Adjustment were to be made –

- 1) Final dividend at 5% to be Provided
- 2) Depreciation on plant & Machinery at 10% and Fixtures at 5%
- 3) Preliminary expenses to be written off by 20%
- 4) Rs. 25,000 were to be transferred to general reserve
- 5) A prevision for income tax 62,500.
- 6) The provision for bad debts 5% on Sundry debtors
- 7) On Dividend Corporate tax 10%

You are Required to prepare. Trading A/c- Profit & Loss A/c for the year ended 31<sup>st</sup> March 2014 and Balance sheet as on date.

5. a) The following Information is given-

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- Capital employed Rs. 150000
- Normal Rate of Return at 10%
- Present value of annuity of Rs. 1 for five years at 10% is 3.78.
- Net Profits for five years 1<sup>st</sup> year – 14400, 2<sup>nd</sup> year Rs. 15400, 3<sup>rd</sup> year Rs. 16900, 4<sup>th</sup> year Rs. 17900, 5<sup>th</sup> year – Rs. 17400.

The profits included non-recurring profits on an average basis of Rs. 1000 out of which it was deemed non-recurring profits had a tendency of appearing at the rate of Rs. 600 p.a.

You are required to Calculate Goodwill.

- as per annuity method.
- as per 5 year purchase from super profits.
- as per Capitalization of super profit method.

b) On 31<sup>st</sup> December, 2011 the balance sheet of Mehta Company disclosed the following position.

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Liabilities	Rs.	Assets	Rs.
Share Capital (Rs. 10 per share)	4,00,000	Fixed Assets	5,00,000
Reserve	90,000	Current Assets	2,00,000
Profit & Loss A/c	20,000	Goodwill	40,000
5% Debentures	1,00,000		
Current Liabilities	1,30,000		
	7,40,000		7,40,000

On 31<sup>st</sup> December 2011, the fixed assets were independently valued at Rs. 3,50,000 & the good will of Rs. 50,000.

Net Profits for three years were

2009 Rs. 51600; 2010- Rs. 52000, 2011-Rs. 51650 of which 20% replaced to reserves.

The Normal return in the industry may be considered at 10%. Calculate the value of shares by

- Net assets method
- Yield method
- Earning capacity method

6. Mafatlal Company Ltd. issued 60,000 shares of Rs. 15 each at a Premium of Rs. 2 per share. 14

The amount was payable as under:

On application Rs. 3 per share

On allotment Rs. 7 per share (including premium)

On First call Rs. 4 per share

On Final call Rs. 3 per share

The company received application for 1,00,000 shares and the director rejected application for 10,000 shares and refunded the application money received there on. The shares were allotted on prorata among the remaining applicants and the excess amount received from them on application was transferred to the allotment A/c.

600 shares was allotted to Ramlal who failed to pay the allotment money and his share were forfeited on nonpayment of first call. Mohan to whom 900 shares were allotted failed to pay both the calls and hence his shares also were forfeited.

All forfeited shares were subsequently issued to Govind at the rate of Rs. 14 per shares as fully paid. Give Journal entries and Balance sheet.

7. The following is the Balance sheet of M/s Unlucky Ltd. as on 31<sup>st</sup> Dec. 2002.

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Balance sheet			
Liabilities	Rs.	Assets	Rs.
Share Capital Authorised & Subscribed 4000, 6% Preference shares of Rs. 100 each	400000	Land & Building	200000
2000, Equity shares of Rs. 100 each, Rs. 75 per share paid up.	150000	Plant & Machinery	500000
6000, Equity shares of Rs. 100 each, Rs. 60 per share paid up.	360000	Patents	80000
5% Debentures	200000	Stock at cost	110000
(Having a floating charge on all assets) Interest outstanding on debentures	10000	Sundry debtors	220000
Creditors	290000	Cash at bank	60000
		Profit & Loss A/c	240000
	1,41,0000		1,41,0000

On the date, the company went into Liquidation.

The dividends on preference shares were in array for two years. The arears are payable on Liquidation as per article of the company. Creditors include a loan of Rs. 100000 on Mortgage on Land and Building.

The assets are realized as under –

Land & Building	240000
Plant & Machinery	400000
Patents	60000
Stock	120000
Sundry Debtors	160000

The expenses of liquidation amounted to Rs. 2180. The liquidation is entitled to a commission of 3% on all assets realized (except cash at bank) & a commission of 2% on amount distributed among unsecured creditors. Preferential creditors amount to Rs. 30000. All payments were made on 30<sup>th</sup> June, 2003. Prepare the Liquidator's statement of Account.

8. What is financial Accounting? State the importance & Principle of Accounting. 14

9. What is Liquidation? Explain the types and objectives of liquidation. 14

10. Write short note on **any two**. 14

- Objectives of preparing Income & Expenditure A/c.
- Difference between shares and Debentures.
- Current and long term liabilities.
- Merits of Goodwill Valuation.

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