

B.B.A. - I (NEP) Semester-I
FA-2 - Financial Accounting

P. Pages : 3

Time : Three Hours



GUG/S/25/16177

Max. Marks : 80

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

1. What is accounting? Discuss the concepts and conventions. 16

2. Journalize the following transactions, post them in the ledger and balance the accounts on 31st January. 16

1	Ram started business with a capital of Rs. 10,000
2	He purchase goods from Mohan on credit Rs. 2,000
3	He paid cash to Mohan Rs. 1,000
4	He sold Goods to Suresh Rs.2,000
5	He received cash from Suresh Rs. 3,000
6	He further purchased goods from Mohan Rs. 2,000
7	He paid cash to Mohan Rs. 1,000
8	He further sold goods to Suresh Rs. 2,000
9	He received cash from Suresh Rs. 1,000

3. Define joint stock company? Explain its characteristics and its advantages. 16

4. The Alfa manufacturing Company Limited was registered with a nominal capital of Rs. 6,00,000 in Equity Shares of RS. 10 each. The following is the list of balances extracted from its books on 31st December, 2004. 16

Particulars	Amount
Wages	84865
Calls-in arrears	7,500
Premises	3,00,000
Plant & Machinery	3,30,000
Interim Dividend paid on 1 st Aug. 2004	37,500
Stock, 1 st January, 2004	75,000
Fixtures	7,200
Debtors	87,000
Goodwill	25,000
Cash in Hand	750
Cash at Bank	39,900
Purchases	1,85,000
Preliminary Expenses	5,000
General Expenses	16,835

Freight & carriage	13,115
Salaries	14,500
Directors Fees	5,725
Bad Debts	2,110
Debenture Interest Paid	9,000
Subscribed and fully call-up Capital	4,00,000
6% Debenture	3,00,000
Profit & Loss A/C (Cr. Balance)	14,500
Bills Payable	38,000
Creditors	50,000
Sales	4,15,000
General Reserve	25,000
Bad Debts Reserve(1 st Jan, 2004)	3,500

Prepare trading and profit & Loss Account and Balance Sheet in proper form after making the following adjustment.

- Depreciate Plant & Machinery by 10%.
- Write off Rs. 500 from preliminary Expenses.
- Provide Half year's Debenture interest due.
- Leave bad & Doubtful Debts Reserve at 5% on Debtors.

Stock on 31st December, 2004 was Rs. 95,000.

- Define Winding up and discuss the modes of winding up of company. 16
- ABC Ltd took over a running business with effect from 1st April 2001. The company was incorporated on 1st August 2001. The following Summarized profit and loss account has been prepared for the year ended 31st March 2002. 16

Profit & Loss A/c

Particulars	Amount	Particulars	Amount
Salaries	48,000	Gross Profit	3,20,000
Stationery	4,800		
Travelling expenses	16,800		
Advertisement	16,000		
Miscellaneous trade Expenses	37,800		
Rent (Office Building)	26,400		
Electricity Charges	4,200		
Director Fees	11,200		
Bad debts	3,200		
Commission to selling agents	16,000		
Audit Fee	6,000		
Debenture Interest	3,000		
Interest paid to vendor	4,200		
Selling Expenses	25,200		
Depreciation on Fixed assets	9,600		
Net Profit	87,600		
	3,20,000		3,20,000

Additional Information:

- a) Total sales for the year, which amounted to Rs. 19,20,000 arose evenly up to the date of 30/09/2001. There after they recorded an increase of two-third during the rest of the year.
- b) Rent of office building was paid @ Rs. 2,000/- per month up to September, 2001 and thereafter it was increased by Rs. 400/- per month.
- c) Travelling expenses include Rs. 4,800/- towards sales promotion.
- d) Depreciation include Rs. 600/- for assets acquired in the post incorporation period
- e) Purchase consideration was discharge by the company on 30th September 2001 by issuing equity share of Rs. 10/- each

Prepare statement Showing calculation of profits and allocation of expenses between pre and post incorporation period.

7. Define goodwill. State its objective, methods and factors affecting the value of goodwill. **16**

8. Aster Co. Ltd issued 10,000 shares of Rs. 100 each at a premium of 10% payable as under **16**
On Application – Rs. 30, On allotment – Rs. 60 (Including premium) & On call – Rs. 20
Vikas holding 700 share failed to pay the call money. The company forfeited his share and reissued them to Jatin as fully paid up at Rs. 90 per share. Give journal entries to record the above transactions and show the balance sheet of the company.

9. The following information relates to a company as on 31st March, 2020: **16**

Equity share capital (Rs. 10)	5,00,000
10% preference share capital	2,00,000
Reserves and surplus	70,000
9% debentures	1,00,000
Depreciation fund	60,000
Trade payables	50,000
Unamortized preliminary expenses	20,000

Market value of assets is Rs. 70,000 more than the book value. Profits for last three years after 40% tax were Rs. 75,000, Rs. 84,000 and Rs. 1,14,000 respectively. Fair return on capital employed in this type of business is estimated at 10%. You are required to calculate the value of goodwill by capitalization of super profits (Take weighted average profit)

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

- a) Accounting Standards. **8**
- b) Income and Expenditure. **8**
- c) Describe the Function of Liquidator's **8**
- d) Factors affecting valuation of shares. **8**
