

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

P. Pages : 5

Time : Three Hours



GUG/W/23/10678

Max. Marks : 70

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

1. a) Mr. Nirmal has the following transactions in the month of April 2022. Write Journal Entries for the transactions. 7

- 10th April : Commenced business with a capital of 1,00,000
11th April : Purchased goods from Veeru for 20,000
13th April : Purchased Goods for Cash 15,000
14th April : Purchased Goods from Abhiram for cash 9,000
16th April : Bought Goods from Shyam on credit 12,000
17th April : Sold goods worth 15,000 to Tarun
19th April : Sold goods for cash 20,000
20th April : Sold goods to Utsav for cash 6,000
21st April : Sold goods to Pranav on credit 17,000
22nd April : Returned goods to Veeru 3,000
23rd April : Goods returned from Tarun 1,000
25th April : Goods taken by the proprietor for personal use 1,000
26th April : Bought Land for 50,000
27th April : Purchased machinery for cash 45,000
28th April : Bought computer from Intel Computers for 25,000
28th April : Cash sales 15,000
29th April : Cash purchases 22,000

- b) Enter the following transactions of March 2005 in a double column cash book/two column cash book. 7

March, 1	Cash in Hand	80,000
March, 1	Cash at Bank	1,20,000
March, 3	Received Cheque from Osman	24,000
March, 4	Deposit Osman Cheque with Bank	-
March, 8	Withdrawn from bank for business use	20,000
March, 10	Goods Sold for cash	30,000
March, 15	Goods bought for cash	80,000
March, 18	Goods Sold for cash	60,000
March, 20	Paid Rahim by cheque	26,000
March, 30	Deposited into a bank	16,000
March, 31	Paid Salary in Cash	10,000
March, 31	Paid Rent by Cheque	6,000

2. A Summary of Receipts and payment of Medical Aid Society for the year ended 31st 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
		Equipment Purchase	1,50,000
Charity Show proceeds	1,00,000	Charity Show Expenses	10,000
		Balance (31.12.2008)	45,000
	8,85,000		8,85,000

You are required to prepare 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 Equipment's	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. 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

14

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.

4. a) The following is the balance sheet of HCL Ltd. as on March 31, 2015.

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Particulars		Amount	Particulars		Amount
40,000 Equity Shares of 10 each		4,00,000	Goodwill	40,000	
10% Debenture		1,20,000	Land & Building	2,00,000	
Profit & Loss Balance a on (01/04/14)	40,000		Plant and Machinery	2,90,000	
Add : Profit for the year before providing for taxes	1,60,000	2,00,000	Investment	1,00,000	
Sundry Creditors		80,000	Stock	80,000	
Provision for Taxation		40,000	Debtors	90,000	
			Cash and Bank	40,000	
		8,40,000		8,40,000	

Profit includes 10,000 which is the income from investments. The present market value of the assets are:

Particulars	Amount
Land and Building	2,50,000
Plant and Machinery	3,50,000
Investment	1,50,000

Current assets (book value).

Normal return on capital employed in this type of business is 10%. Assume 50% tax Bracket.

Adjustment of depreciation is not required for valuation of goodwill. Calculate the value of goodwill on the basis of 3 years' purchase of super profit of the company.

- b) From the following information, calculate value of the goodwill for Reliance Ltd by:
- Super profit method.
 - Capitalization method.
 - Average capital employed in the business 6,00,000.
 - Net trading profit of the firm for the past three years were 1,07,600, 90,700 and 1,12,500.
 - Rate of interest expected from capital having regard to the risk involved 12%
 - Fair Remuneration to the firm for their services 12,000 per annum.
 - Sundry assets of the firm 7,54,762.
 - Sundry liabilities 31,329.

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Note : Take 8 years purchase of super profit as value of good will.

5. Aster 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
 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.

6. Optimist Ltd. was placed in voluntary liquidation on 31st December 2018 when is balance Sheet was as follows: **14**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share Capital: 50,000 Equity Share Rs.10 each fully paid less call in arrears in amounting Rs. 25,000	4,75,000	Freehold Factory Plant & Machinery Motors Vehicles Stock Debtors	5,80,000 2,89,000 57,500 1,86,000 74,000
6,000, 5% Cumulative Preference Share Rs. 100 each Fully paid	6,00,000	P & L A/c	2,14,000
Security Premium Account	50,000		
5% Debenture Interest on Debenture Bank Overdraft Creditors	1,00,000 2,500 58,000 1,15,000		
	14,00,500		14,00,500

The Preference dividends are in arrears from 2015.

The company articles provide that on liquidation, out of the surplus assets remaining after payment of liquidation costs and outside liabilities, there shall be paid firstly all arrears of preference dividend, secondly the amount paid up on the preference share together with a premium thereon of Rs. 10 per share, and thirdly any balance then remaining shall be paid to equity shareholders.

The bank overdraft was guaranteed by the directors who were called upon by the bank to discharge their liability under the guarantee. The director paid the amount to the bank. The liquidator realized the assets as follows.

Particulars	Amount (Rs.)
Freehold Factory	7,00,000
Plant & Machinery	2,40,000
Motor Vehicles	59,000
Stock	1,50,000
Debtors	60,000
Call in Arrears	25,000

Creditors were paid less discount of 5%. The Debenture and accrued interest were repaid on 31st March 2019. Liquidation Cost were Rs. 3,820 and the liquidators remuneration was 2% on amount realized. Prepare the liquidator's statement of account.

7. Chand Ltd. checking cash book with the bank statement of his current account for the month 31 December 2018 you find the following: **14**
- 1) Bank balance overdraft as per cash book Rs. 80,000/-
 - 2) Check recorded for collection but not sent to the bank Rs. 10,000/-
 - 3) Credit side of the cash book cast short Rs. 1,000/-
 - 4) Premium on proprietor's Life Insurance Policy (LIP) paid on standing order Rs. 5,000/-
 - 5) Bank Charges recorded twice in the cash book Rs. 100/-
 - 6) Customer's check returned by the bank as dishonored Rs. 4,000/-
 - 7) Bill Receivable collected by the bank directly on the behalf of company Rs. 20,000/-
 - 8) Check received entered twice in the cash book Rs. 6,000/-
 - 9) Check issued but dishonored on technical grounds Rs. 3,000/-
 - 10) A checks deposited into the bank of worth Rs. 45,000/- but Rs. 8,000/- check was not collected by bank.
8. Discuss briefly Concepts and conventions. **14**
9. What is liquidation of Company? Discuss the methods of winding up of companies. **14**
10. Write short notes on **any two**. **14**
- a) Differentiate between 'Receipts and Payments Account' and 'Income and Expenditure'
 - b) Difference between Management accounting And Financial Accounting.
 - c) Discuss factors Affected for the valuation of goodwill
 - d) Bank reconciliation statement.
