

(i) Printed Pages : 4

Roll No.

(ii) Questions : 14

Sub. Code :

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Exam. Code :

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Bachelor of Business Administration 1st Semester

1128

FINANCIAL ACCOUNTING

Paper-BBAS105

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :— Attempt any **four** questions from Section A and **two** questions each from Section B and Section C.

SECTION—A

1. A company acquired a machine on 1.1.2010 at a cost of Rs. 40,000 and spent Rs. 1,000 on its installation. The company writes off depreciation at 10% on the diminishing balance method. The books are closed on 31st December of each year. Show Machinery Account for 3 years. 10
2. Yes Ltd. issued equity shares of Rs. 10 each at a discount of 6%. 200 of these shares were forfeited, due to non-payment of final call money of Rs. 2 per share. 150 of these shares were re-issued @ Rs. 9 per share. Pass journal entries and ascertain the amount of capital reserve. 10
3. From the following, prepare a bank reconciliation statement.

	Rs.
(a) Bank O/D as per pass book	500
(b) Cheques drawn but not presented	2500
(c) Cheques paid to bank but not cleared	4000
(d) Interest on O/D as per pass book	50
(e) Insurance premium paid by bank	400
(f) Interest on investments collected by the bank	500

10

4. Write a short note on Right Shares. 10
5. Differentiate between cash basis and accrual basis of accounting. 10
6. Distinguish between Journal and Ledger. 10

SECTION—B

7. A company purchased a Machine on 1st January 2015 for Rs. 50,000. On 1st July 2015, further Machinery was purchased for Rs. 25,000. On 1st July 2016, the machinery purchased on 1st January 2015 having become obsolete, was sold off for Rs. 20,000. Depreciation has to be charged at 20% on the original cost assuming that the accounts are closed every year on 31st December. You are required to prepare :

(a) Machinery Account

(b) Provision for Depreciation Account. 10

8. Following are the ledger balances extracted from the books of Nime Shika, a sole trader.

	Rs.		Rs.
Capital	50000	Sales	301000
Bank O/D	8400	Return inwards	5000
Furniture	5200	Discount (Cr.)	800
Premises	40,000	Taxes & Insurances	4000
Creditors	26,600	General expenses	8000
Opening stock	44000	Salaries	18000
Debtors	36000	Commission allowed	4400
Rent from benefits	2000	Carriage	3600
Purchases	220000	Bad debts	1600
		Provision for	
		Doubtful debts	1000

Additional information :

- (1) Closing stock on 31.12.2016 was Rs. 40,120
- (2) Depreciation on premises Rs. 600 and furniture Rs. 520 to be provided.
- (3) Make a provision of 5% on debtors for bad and doubtful debts.
- (4) Allow interest on capital at 5% and carry forward Rs. 1400 for unexpired insurance.

Prepare final accounts for the year ended 31.12.2016.

10

9. Explain in detail Branches, Methods and Limitations of Accounting.

10

10. Draw up a trial balance, using imaginary accounts and figures.

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SECTION—C

11. What is meant by "Divisible Profits" ? What are the provisions relating to them under Companies Act, 2013 ? Explain them in detail.

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12. What do you mean by "Bonus Shares" ? Discuss SEBI guidelines for the issue of Bonus Shares.

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13. A limited company invited applications for the issue of 50,000 shares of Rs.10 each at a premium of Rs.2, payable as follows :

	Rs.
On applicaiton	3
On allotment	4 (including premium)
On First call	3
On Final call	2

Applications were received for 1,20,000 shares. Pro-rata allotment was made to the applicants for 1,00,000 shares and the remaining applications were rejected. Surplus application money was adjusted on allotment.

Amar to whom 1500 shares were allotted, failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Talin, the holder of 1000 shares did not pay the two calls and his shares were forfeited. Of the forfeited shares 2000 shares were re-issued @ Rs. 8 per share as fully paid-up including whole of Amar shares. 10

Show journal entries and the balance sheet of the company.

14. On 1st April 2010, a limited company issued debentures for Rs. 1,00,000, redeemable at par at the end of 5 years and it was resolved that a sinking fund should be formed and invested in Tax free securities.

Give journal entries for 5 years, assuming that the interest received on the investments was @ 5% on cost, that the interest was received yearly and immediately invested and the investments were realised at a loss of Rs. 300 at the end of 5 years.

Reference to the sinking fund table shows that Rs. 0.180975 at the end of year, at 5% compound interest will produce Re. 1 at the end of 5 years. 10