

(i) Printed Pages : 6

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(ii) Questions : 14 Sub. Code : 

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**Bachelor of Business Administration (FYUP) 1<sup>st</sup> Semester  
(2124)**

**FINANCIAL ACCOUNTING**

**Paper : NBBA 103**

**Time Allowed : Three Hours]**

**[Maximum Marks : 80**

**Note :—** Attempt **four** short answer type questions from Section-A (5 marks each). Attempt **two** questions each from Section-B and Section-C (15 marks each).

**SECTION—A**

1. Write note on Money Measurement Concept.
2. Distinction between Capital Reserve and Reserve Capital.
3. X Ltd. Forfeited 100 shares of Rs. 10 each held by Ram on 15<sup>th</sup> Dec, 2017 for non-payment of first call of Rs. 2 per share and final call of Rs. 3 per share. These shares were reissued to Mr. Kumar @ Rs. 6.50 per share. Pass journal entries.
4. Kunal had the following transactions. Use accounting equation to show their effect on his Assets, Liabilities and Capital :
  - (a) Brought Rs. 45,000 in cash to start business.
  - (b) Purchased securities for cash Rs. 22,500.

- (c) Purchased an office building for Rs. 45,000 giving Rs. 15,000 in cash and the balance through a Loan.
  - (d) Sold securities costing Rs. 3,000 for Rs. 4,500.
  - (e) Purchased an old car for Rs. 8,400 cash.
  - (f) Received cash for rent Rs. 10,800.
  - (g) Paid cash Rs. 1,500 for Loan and Rs. 900 for Interest.
  - (h) Paid cash for office building expenses Rs. 900.
  - (i) Received cash for dividend on securities Rs. 600.
5. A company purchased assets of Rs. 3,50,000 and took over the liabilities of Rs. 30,000. It agreed to pay the purchase price Rs. 3,30,000 by issuing debentures of Rs. 100 each at a premium of 10%. Pass Journal entries.
6. Pass Journal entries for the following Transactions :
- (a) Business started with cash Rs. 90,000.
  - (b) Withdrew cash for personal use Rs. 8,000.
  - (c) Bought goods on cash for Rs. 5,700.
  - (d) Sold goods to Suresh for Rs. 5,700.
  - (e) Paid Ram salary Rs. 2,000.
  - (f) Paid trade expenses Rs. 250.

## SECTION—B

7. What do you understand by Accounting ? Discuss its types, functions and Limitations.
8. What do you understand by Trial Balance ? Discuss the errors revealed and not revealed by the trial balance.
9. A Manufacturing concern whose books are closed on 31<sup>st</sup> March every year. Machinery Purchased for Rs. 2,50,000 on 1<sup>st</sup> April 2019. Additional machinery was purchased for Rs. 40,000 on 30<sup>th</sup> September, 2020 and for Rs. 25,000 on 1<sup>st</sup> April, 2022. The machinery which was purchased for Rs. 40,000 on 30<sup>th</sup> September, 2020 was sold for Rs. 34,000 on 30<sup>th</sup> September, 2022. Give the machinery account for the year ending 31<sup>st</sup> March, 2023 taking into account depreciation @ 10% p.a. on the basis of Written Down Value Method (WDV).
10. Following balances were taken from the books of Ram Prasad on 31<sup>st</sup> March, 2024 :  
  
Capital 1,00,000, Drawings 17,600, Purchases 80,000, Sales 1,40,370, Purchases returns 2,820, Opening Stock 11,460, Bad Debts 1,400, Provision for Bad Debts 3,240, Rates and Insurance 1,300, Discount received 190, Bill Receivable 1,240, Sales returns 4,240, Wages 6,280, Buildings 25,000, Rent received 2,100,



Railway freight 16,940, Carriage Inwards 2,310, Office Expenses 1,340, Printing and stationery 660, Postage 820, Debtors 62,070, Creditors 18,920, Bank balance 12,400, Cash in hand 2,210, Furniture 3,500, Salary and commission 9,870, Additions to Building 7,000.

Additional Information's :

- (a) Depreciate old building @ 2.5% and new Building @ 2%, Office Furniture @ 5%.
- (b) Further Bad Debts 570.
- (c) New provision for Bad Debts @ 6% on debtors.
- (d) Outstanding salaries 570.
- (e) Rent receivable 200.
- (f) Interest on Capital @ 5%.
- (g) Closing stock at the end 14,290.
- (h) Unexpired Insurance 240.

Prepare Trading and Profit and Loss Account on 31<sup>st</sup> March, 2024.

### SECTION—C

11. Following particulars are given from the records of Maxwell Ltd. relating to issue and forfeiture of equity shares. The amount per share was payable as Rs. 3 on application, Rs. 5 on allotment

(including Rs. 2 as premium) and Rs. 4 on first & final call :

| Category | No. of shares allotted | No. of shares Applied      |
|----------|------------------------|----------------------------|
| 1        | 20,000                 | 30,000                     |
| 2        | 10,000                 | 10,000                     |
| 3        | Nil                    | 5,000                      |
|          |                        | <b>App. Money refunded</b> |

Allotments were made pro-rata in category 1. Mr. Ram who applied for 450 shares in category 1 failed to pay the allotment money and call money and his shares were forfeited by the directors. Subsequently 200 forfeited shares were reissued to Mr. Harish as fully paid for Rs. 9 per share. Show the journal entries to record the transactions.

12. Explain the Journal Entries in case of issue of Debentures with suitable examples.
13. Write notes on the following :
  - (a) Write a note on Book Building Process.
  - (b) What are the purposes for which balance of securities premium account may be applied ?
  - (c) Types of Debentures.

14. On 1<sup>st</sup> April, 2013, Metal Products Ltd. 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 that the investments were realised at a loss of Rs. 300 at the end of five years. Sinking fund table shows that Rs. 0.180975 invested at the end of the year @ 5% interest will produce Re. 1 at the end of 5 years.