

2012

Bachelor of Business Administration

First Semester

BBAS-105: Financial Accounting

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt four short answer type questions from Section–A. Attempt two questions each from Section B and C respectively.

x-x-x

Section – A

- I. (a) What is Accounting Period concept?
(b) Prepare a journal for the following transactions

Date	Transactions	Rs.
2002 June, 3	Received cash from Ram	5,000
June, 4	Purchased goods for cash	1,500
June, 11	Sold Goods to Hari	1,200
June, 13	Paid Ramavtar	400
June, 17	Received from Hari	100
June, 20	Bought furniture from Ram	200
June, 27	Paid rent	280
June, 30	Paid Salary	500

- (c) X Limited forfeited 20 shares of Rs. 10 each Rs. 7 called up, on which M had paid application and allotment money of Rs. 5 per share. Out of these 15 shares were reissued to N as fully paid up for Rs. 6 per share. Give Journal Entries
- (d) A Company purchased a plant for Rs. 10,000. It is expected that its useful life will be four years and salvage value is Rs.2, 000. You are required to give the amount of depreciation to be provided in the first year as per Diminishing value method.
- (e) The nominal value of the equity shares of a company is Rs. 10 and the current market price is Rs. 40. The company issues right shares at the rate of 1 equity share for every 2 equity shares held, the right shares being issued at a premium of 10%. Calculate value of right.

P.T.O.

(2)

- (I) What is the spirit behind creation of Debenture redemption Reserve?

(4*5)

Section-B

- II. Define Accounting? Write in detail various concepts of Accounting.

(15)

- III. What is Depreciation? Explain briefly the different methods of charging depreciation.

(15)

- IV. Akash Gupta started a real estate agency business with a cash investment Rs. 35,000. The following business transactions have been recorded.

- (1) Paid three months advance rent for office accommodation Rs. 2100.
- (2) Bought car for office use Rs. 21,000
- (3) Purchased office furniture for Rs. 7,000
- (4) Bought office typewriter from S. Company for Rs. 3,000
- (5) Sold extra office furniture at cost to A for Rs. 1,000. A paid Rs. 600 in cash and accepted a bill at three months for the balance.
- (6) A paid the amount of the amount of the bill at maturity and Akash Gupta paid half the amount he owed to S. Company.
- (7) Collected Rs. 6,000 as commission
- (8) Paid telephone bill amounting to Rs. 150

Use the accounting equation to show the effect of the above transactions on his assets, liabilities and capital and also show his balance sheet.

(15)

- V. Following is the Trial Balance of Raman and Company as on December 31st, 1998

Debit Balance	Rs	Credit Balance	Rs
Plant and Machinery	80,000	Capital	60,000
Furniture	10,000	Purchases return	1,000
Purchases	70,000	Bad Debt Provision	750
Return Inwards	1,500	Sundry Creditors	24,500
Opening Stock	25,000	Discount received	700
Discount	350	Sales	1,52,900
Charity	200		
Sundry Debtors	30,000		

(3)

Wages	6,500		
Carriage Inwards	700		
Rent and Taxes	4,000		
Bad Debts	1,100		
Advertisement	2,500		
Cash in Hand	3,000		
Cash at Bank	5,000		

Prepare Trading and Profit and Loss Account and a Balance sheet of the firm as on December 31st 1998 after considering the following adjustments

- Closing stock valued at Rs. 15,000
- Provide depreciation on Plant and Machinery at 5% and on furniture at 10%
- Write off further bad debts of Rs. 2,000 and make a provision for doubtful debts at 5% of debtors.
- Create a provision for discount on debtors and creditors at 2%
- Provide for outstanding expenses: wages Rs. 2,000 and Rent Rs. 1,200.

(15)

Section-C

VI. What do you mean by right issue? State the relevant provisions of the companies Act regarding right issue in the case of a public company. How is the value of right computed?

(15)

VII. Discuss the meaning of redemption of Debentures. Explain various methods of redemption of Debentures.

(15)

VIII. The following balances appeared in the books of Vishal Paper Limited on 1st October, 2020.

	Rs.
12% Debentures	2,00,000
Sinking Fund	1,50,000
Sinking Fund Investments (face Value)	1,70,000
Interest on investments is received on 30 th September and 31 st March @8% P.A.	

P.T.O.

(4)

Debenture fell due for payment on 31st March 2021. The company carried out the redemption by the sale of sinking fund investment at 95%. On that date balance at bank stood at Rs. 72,000 (before interest on investment has been received).

Pass Journal entries and prepare ledger accounts arising out of above.

(15)

IX. A Limited issued a prospectus inviting applications for 2,00,000 shares of Rs.10 each at a premium of Rs. 2 per share payable as follows: On application Rs. 3; on Allotment Rs. 4 (including premium); on first call Rs. 3 and on second call Rs. 2.

Applications were received for Rs. 3,00,000 shares and allotment was made on pro-rata basis. Money overpaid on application was employed on account of sums due on allotment.

R, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited. M the holder of 600 shares failed to pay the two calls and his shares were forfeited after the second call. Of the shares forfeited 800 shares were sold to K as fully paid up, K paying Rs. 9 per share, the whole of R's share being included.

Give journal entries and prepare balance sheet.

(15)

X-X-X