

22440

Total No. of pages: 4

II SEMESTER BBA EXAMINATION, JULY/AUGUST 2023

SCHEME: SEMESTER (NEP)

045

BBA

FINANCIAL ACCOUNTING AND REPORTING

Time: 2 ½ Hours

Max Marks: 60

Instructions to Candidates: Answer all parts.

PART – A

Answer any FIVE of the following questions. 2 Marks each:

5x2=10

1. What is a partnership deed? CO1 LL1
2. What is Forfeiture of share? CO2 LL1
3. Write a note on Dividend. CO3 LL1
4. Mention the tools of financial statement analysis. CO4 LL1
5. What do you mean by Corporate Financial Reporting? CO5 LL1
6. Write a note on valuation of goodwill. CO1 LL1
7. Write a note on Financial Statements. CO4 LL1

PART – B

Answer any TWO of the following questions. 10 Marks each

2x10=20

8. What do you mean by Issue of shares at premium and at discount? CO1 LL2
9. From the following information calculate Goodwill under Average profit & Super profit Method.

Years	2018	2019	2020	2021
Profit	31600	29500	26200	32700

The Normal rate of return is 8%, Goodwill will be based on 3 years purchase.

PTO

22440

10. From the following financial statements, prepare common size income statement for the year 2021 and 2022 following.

CO4 LL2

Income Statements

<u>Particulars</u>	<u>2021</u>	<u>2022</u>
Net Sales	5,00,000	4,95,000
Cost of goods sold	3,78,000	3,60,000
Operating expenses	62,500	60,000
Depreciation	22,000	22,000
Income from Investment	70,000	89,000
Income Tax	32,500	40,000

11. Discuss the characteristics of Corporate Financial Reporting.

CO5 LL2

PART – C

Answer any TWO of the following questions. 15 Marks Each:

2x15=30

12. Following is the balance sheet of P and Q who share profit and losses in the ratio of 2:1

CO1 LL2

Balance sheet as on 31/03/2022

<u>Liability</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
Creditors	80,000	Cash at bank	20,000
Bills payable	45,000	Debtors	30,000
General reserve	40,000	Stock	80,000
P/L A/C	20,000	Machinery	90,000
<u>Capital</u>		Land and Building	1,65,000
P 1,50,000			
Q 50,000	2,00,000		
	3,85,000		3,85,000

R is admitted into partnership on the following terms:

- (a) R should bring Rs. 80,000 as capital and 42,000 as Goodwill.
- (b) Machinery is depreciated by 5%.
- (c) Land and building appreciated by 10%.
- (d) Stock is depreciated by 4%.
- (e) O/S directors fee Rs. 2000.

Prepare P & L A/C, P & L appropriation A/C and Balance sheet of the new firm.

PTO

22440

13. Sun Co. Ltd offered for public subscription of 20,000 equity shares of Rs. 100 each at a premium of Rs. 20 per share payable as under:

CO2 LL2

Rs. 30 per share on application

Rs. 50 per share on allotment (including premium)

Rs. 25 per share on 1st call.

Balance in final call.

Applications were received for 22,000 shares. The shares were allotted on pro-rata basis to the applicants of 21,000 shares. The remaining applications were rejected and money was refunded. Balance of excess application money was utilized towards sum due on allotment. All the shares money duly received except 500 shares on 1st call and 1000 share on Final call.

Pass the necessary journal entries and prepare Balance Sheet.

14. Following balances have been extracted from the books of Royal Ltd as on 31/03/2021.

CO3 LL2

<u>Debit Balance</u>	Rs.	<u>Credit Balance</u>	Rs.
Opening stock	3,00,000	Share Capital	1,20,000
Cash in hand	40,000	Sales	1200000
Insurance	20,000	Debentures	2,00,000
Purchase	2,00,000	General reserve	1,50,000
Building	5,00,000	Creditors	1,50,000
P/M	3,00,000	Discount received	5,000
Directors fees	10,000	P/L A/C (1/4/20)	65,000
Audit fees	5,000		
Preliminary Expenses	30,000		
Debtors	2,50,000		
Salary	2,00,000		
Advertisement	5,000		
Wages	30,000		
	18,90,000		18,90,000

Adjustments:

- Closing stock on 31/03/2021 Rs. 80,000
- Provision for taxation Rs. 30,000
- Transfer Rs. 40,000 to general reserve.
- Write off depreciation @ 10% on Building.
- Director recommended a dividend @10%.
- Create R.B.D. @3% on Debtors.

Prepare Final A/C for the year ending 31/03/2021 as per schedule III (Vertical Method).

PTO

22440

15. The following are the Balance Sheets of Aliya Ltd. at the end of 2021 and 2022.

CO4 LL2

<u>Liabilities</u>	<u>2021</u>	<u>2022</u>
Share Capital	4,00,000	6,00,000
Reserve & Surplus	3,12,000	3,54,000
Debentures	50,000	1,00,000
Long term loans	1,50,000	2,55,000
Bills payables	2,55,000	1,17,000
Other current liability	7,000	10,000
	11,74,000	14,36,000
L/B	2,70,000	1,70,000
P/M	3,10,000	7,86,000
Furniture	9,000	18,000
Other fixed assets	20,000	30,000
Cash on hand	1,18,000	10,000
Account Receivable	2,09,000	1,90,000
Inventory	1,60,000	1,30,000
Loans & Advances	49,000	62,000
Other current assets	29,000	40,000
	11,74,000	14,36,000

Prepare a comparative Balance Sheet of financial position of the company.

** *** **