

[This question paper contains 4 printed pages.]

**Sr. No. of Question Paper : 2566**

**Roll No.....**

Unique Paper Code : 101134

Name of the Course : Bachelor of Business Studies 2013

Name of the Paper : Financial Accounting

Semester : I

Duration : 3 Hours

Maximum Marks : 75

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.

1. (a) Explain entity concept and dual aspect concept. In what way are they of use in accounting ? (8)  
(b) What are opening and closing entries ? Give examples. (7)
2. Following is the Trial Balance of M/s BSR Manufacturers & Traders as on 31-12-2012.

Account Name	Debit Balance (Rs.)	Credit Balance (Rs.)
Bad Debts	250	
Bike	12,000	
Bills Payable		560
Bills Receivable	720	
Capital		80,000
Cash-at-bank	650	
Cash-in-hand	24,600	

*P.T.O.*

Discount Allowed	650	
Discount Received		370
Drawings	10,000	
Freight	3,800	
General Expenses	2,500	
Insurance Premium	1,200	
Machinery	8,900	
Office Furniture & Fittings	13,800	
Provision for Doubtful Debts		250
Purchases	66,500	
Rent	6,000	
Returns Inwards	930	
Returns Outwards		550
Salaries	18,000	
Sales		148,000
Stock in the beginning of year	21,730	
Sundry Creditors		5,200
Sundry Debtors	38,000	
Wages	4,700	
	<b>234,930</b>	<b>234,930</b>

Following additional information is also available :

- (i) Stock on 31-12-2012 is Rs. 25,200.
- (ii) Freight due, but not paid Rs. 3,000.
- (iii) 5% depreciation is to be written off on Office Furniture & Fittings.
- (iv) Write-off further bad debts Rs. 150.

- (v) Provision for doubtful debts is to be increased to Rs. 600 and provision for discount on debtors @ 2% is to be created.
- (vi) During the year machinery was purchased for Rs. 2,000 but it was debited to purchases account.

You are required to prepare Trading and Profit & Loss Account for the year ending on 31-12-2012 and Balance Sheet as on that date. (15)

3. (a) Briefly describe the contents of the Annual Report of a Joint Stock Company. (10)
- (b) How is a Cash Flow Statement different from a Cash Book? (5)
4. Pass necessary journal entries for the following transactions in the books of M/s TSR & Co.

March 2012

- 1 Started business by depositing Rs. 5,00,000 in bank and Rs. 1,00,000 cash
- 1 Bought fixtures and fittings for shop Rs. 70,000 and a bike for Rs. 50,000; both paid by cheque
- 2 Paid rent by cheque Rs. 25,000
- 3 Bought goods on credit from M/s XYZ & Co Rs. 57,000
- 5 Cash sales Rs. 50,000
- 8 Paid wages Rs. 16,500
- 10 Paid insurance premium by cheque Rs. 500
- 17 Paid M/s XYZ & Co by cheque Rs. 40,000
- 24 Bought stationery; paid in cash Rs. 200
- 31 Deposited Rs. 15,000 into bank (15)

P.T.O.

5. (a) What is Debtors Turnover Ratio ? What is its significance ? Compute Debtors Turnover Ratio and Average Debt Collection Period (in months) from the following information :

Credit sales for the year	Rs. 36,000	
Average Bills Receivable	Rs. 3,000	
Average Debtors	Rs. 3,000	(10)

- (b) What are the limitations of accounting ratios ? (5)

[This question paper contains 4 printed pages.]

**Sr. No. of Question Paper : 1137**

**Roll No.....**

Unique Paper Code : 101134  
Name of the Paper : Financial Accounting  
Name of the Course : Bachelor of Business Studies  
Semester : I  
Duration : 3 Hours  
Maximum Marks : 75

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
  2. **All** questions carry equal marks.
  3. Attempt **five** questions in all. Question No. **1** is compulsory.
  4. Use of non-scientific calculator is allowed.
  5. Answer parts of a question together. Show your workings clearly.
1. (a) Define the term Accounting. In what ways is an accounting information system useful for the Investors ? (3 marks)
  - (b) Show the following items under appropriate headings of a Company Balance Sheet as per Revised Schedule VI to Companies Act, 1956 :
    - (i) Long-term provisions
    - (ii) Current Investments
    - (iii) Capital work-in-progress
    - (iv) Reserves and Surplus
    - (v) Trade Receivables (5 marks)
  - (c) State with reasons whether the following statements are **True** or **False**, also give the correct treatment : (2x2 marks)
    - (i) Fixed assets are stated in the Balance Sheet at their market value.
    - (ii) Expenses incurred on white-washing of factory building done after every six months is revenue expenditure.
  - (d) How does Ratio Analysis technique help in financial analysis ? (3 marks)

*P.T.O.*

2. (a) From the following Trial Balance of Mr. Aryaman, prepare final accounts for the year ended 31<sup>st</sup> March, 2012 after giving effect to adjustments :

(15 marks)

<i>Particulars</i>	<i>Amt(Rs.)</i>	<i>Particulars</i>	<i>Amt(Rs.)</i>
Drawings	60,000	Capital	Rs. 8,00,000
Opening Stock	4,50,000	Creditors	2,00,000
Purchases	26,00,000	Sales	31,00,000
Furniture	1,00,000	Commission	13,000
Sundry Debtors	4,00,000	Provision for bad debts	9,000
Freight and Octroi	46,000		
Trade expenses	5,000		
Salaries	55,000		
Rent	24,000		
Advertising expenses	50,000		
Insurance premium	4,000		
Discount	2,000		
Bad Debts	16,000		
Cash in hand	52,000		
Bank	58,000		
Goodwill (at cost)	2,00,000		
Total	<b>41,22,000</b>	Total	<b>41,22,000</b>

**Adjustments :**

1. Stock on 31<sup>st</sup> March 2012 was valued at Rs. 5,30,000
  2. Salaries have been paid so far for 11 months only
  3. Unexpired insurance of Rs. 1,000 is included in the figure of Rs. 4,000 appearing in the trial balance.
  4. Commission earned but not yet received amounting to Rs. 1,220 is to be recorded in the books of account.
  5. Provision for bad debts is to be brought up to 3% of sundry debtors.
  6. Manager is to be allowed a commission of 10% of net profits after charging such commission.
  7. Furniture is to be depreciated @ 10% p.a.
  8. Only one-fourth of advertising expenses are to be written off.
3. From the following information, prepare Cash Flow Statement by using indirect method as per AS-3 (Revised), issued by the ICAI : (15 marks)

<i>Liabilities</i>	<i>31-3-11</i>	<i>31-3-12</i>	<i>Assets</i>	<i>31-3-11</i>	<i>31-3-12</i>
Capital	5,00,000	5,00,000	Plant and Machinery	2,73,000	4,27,000
Retained Earnings	2,65,000	3,69,000	Less: Depreciation	61,000	79,000
Debentures	--	90,000	<b>Net Fixed Assets</b>	<b>2,12,000</b>	<b>3,48,000</b>
Bank Loan	15,000	30,000	<i>Current Assets:</i>		
<i>Current Liabilities:</i>			Debtors	2,39,000	2,83,000
Creditors	88,000	82,000	Less:		
Expenses Outstanding	33,000	27,000	Provision for		
Dividend Payable	15,000	30,000	doubtful debts	15,000	19,000
Creditors (for Plant and Machinery purchased)	--	20,000	<b>Debtors (Good)</b>	<b>2,24,000</b>	<b>2,64,000</b>
			Cash	1,52,000	1,82,000
			Marketable Securities	1,18,000	1,50,000
			Inventories	2,01,000	1,92,000
			Prepaid Expenses	9,000	12,000
<b>Total</b>	<b>9,16,000</b>	<b>11,48,000</b>	<b>Total</b>	<b>9,16,000</b>	<b>11,48,000</b>

Additional information :

- (i) Net income for the year ended 31-03-12 after charging depreciation Rs. 18,000 is Rs. 2,24,000.
  - (ii) Debtors of Rs. 23,000 were determined to be worthless and were written off against the provision for doubtful debts account.
  - (iii) The Board of Directors declared dividend of Rs 1,20,000.
4. (a) Enter the following transactions in the Cash Book with cash, bank and discount columns; of M/s Hardev Lal and Sons for the month of October, 2012 and determine the cash and bank balances at the end of the month:
- | <i>Date</i> | <i>Transaction</i>   |           |
|-------------|--|-----------|
| 1           | Balance of Cash in hand Rs. 400, overdraft at bank Rs.5,000                      |           |
| 4           | Invested further capital Rs. 10,000 out of which Rs. 6,000 deposited in bank     |           |
| 15          | Sold goods for cash Rs. 8,000  |           |
| 16          | Collected from Sudhir, a debtor of last year Rs. 8,000, discount allowed Rs. 200 |           |
| 20          | Paid Rajiv, our creditor, Rs. 2,500, discount allowed by him Rs. 65              |           |
| 24          | Office furniture purchased from M/s Kedar and Co. Rs. 20,000                     |           |
| 27          | Drew a cheque for personal use Rs. 700   |           |
| 29          | Drew from bank for office use Rs. 500  |           |
| 30          | Deposited cash in the bank Rs. 5,000   | (5 marks) |
- (b) Write a short note on the "Directors' Report" as a component of the annual report of a joint stock company. (5 marks)
  - (c) Explain briefly the features of AS-2 as recommended by the ICAI relating to Inventory valuation. (5 marks)

P.T.O.

5. (a) Following is the vertical income statement for the year ended on 31-12-11:

Net Sales		30,00,000
<i>Less: Cost of Goods Sold:</i>		
Opening Stock	5,00,000	
<i>Add: Purchases</i>	<u>20,00,000</u>	
	25,00,000	
<i>Less: Closing Stock</i>	<u>7,00,000</u>	<u>18,00,000</u>
Gross Profit		12,00,000
<i>Less: Operating Expenses</i>		<u>4,80,000</u>
Operating Profit		7,20,000
<i>Less: Interest Charge</i>		<u>1,80,000</u>
Profit before Taxation		5,40,000

*Additional information as on 31-12-11:*

*(in Rs.)*

Current Assets	9,75,000
Current Liabilities	6,00,000
Fixed Assets	5,25,000

Using the above particulars, calculate the following :

- (i) Operating Ratio,
  - (ii) Operating Profit Ratio,
  - (iii) Stock Turnover Ratio,
  - (iv) Net Assets Turnover Ratio,
  - (v) Return on Capital employed (9 marks)
- (b) Assuming the Current ratio to be 2:1, state in which of the following cases the current ratio will increase, decrease or will not change : (3 marks)
- (i) Payment of current liability
  - (ii) Purchase of Fixed asset
  - (iii) Bill receivable dishonoured
- (c) Which accounting ratio will be useful in analysing the following conditions, also give its associated computation formula : (3 marks)
- (i) Conversion of stock of finished goods into sales
  - (ii) Adequacy of Liquidity
  - (iii) Ability to pay Interest
6. Distinguish between **any 3** of the following and give suitable examples :
- (a) Subsidiary Book vs. Principal Book of entry
  - (b) Trading account vs. Profit and Loss account
  - (c) Capital vs. Revenue expenditure
  - (d) Comparative statements vs. Common-size statements (3X5 marks)

(400)\*\*\*\*



[This question paper contains 8 printed pages.]

6226

Your Roll No. ....

**BBS / I Sem. – 2010**

**BUSINESS STUDIES – Paper 104 (NS)**

(Financial Accounting)

Time : 3 hours

Maximum Marks : 75

*(Write your Roll No. on the top immediately  
on receipt of this question paper.)*

*Attempt Five questions in all.*

*Question No. 1 is compulsory.*

1. (a) "Accounting Equation holds good under all circumstances." Justify this statement with the help of three examples. (3)
- (b) Distinguish between a trial Balance and a Balance Sheet. (4)
- (c) Show the following items under appropriate heading of a Company Balance Sheet as per Schedule VI to Companies Act, 1956.
- (i) DIS on issue of share
- (ii) Securities Premium
- (iii) Proposed Dividend

P.T.O.

(iv) Authorised Capital

(v) Goodwill

(vi) Capital Reserve

(vii) Pre Exp

(viii) Intt accrued on Investment (4)

(d) What do you understand by 'Return on capital employed? How is it calculated? (4)

2. (a) Journalise the following transactions in the books of Shivani General Store

(i) Paid Rs. 500 as wages on installation of Mac.

(ii) Returned goods to Nisha of the value of Rs. 700.

(iii) Issued a cheque in favour of Kusum timber stores on Account of Purchase of timber of Rs. 15,000.

(iv) Goods sold costing Rs. 50,000 to Monika at invoice price 20% above cost less 10% trade Discount.

(v) Admitted a claim of Rs. 5,000 made by menu for goods damaged in transit against earlier sales made to her.

(vi) Goods costing Rs. 500 issued as samples. (7)

(b) Enter the following transactions in the appropriate type of cash books.

Jan 01	Opening Balances	
	Cash Rs. 3,000	
	Bank Rs. 4,000	
Jan 04	Rend paid by cheque Rs. 2,000	
Jan 06	Received on account of cash sales Rs. 3,000	
Jan 08	Paid to Malik Bros. by cheque Rs. 2,000 and earned Rs. 200 as Cash Discount.	
Jan 10	Received from Dinesh by cheque Rs. 2,000 and allowed him Rs. 100 as Cash Dis.	
Jan 12	Cash Sales Rs. 20,000	
Jan 16	Deposited into Bank Rs. 1,000	
Jan 20	Cash purchases Rs. 15,000	
Jan 25	Withdrew Rs. 100 from bank	
Jan 31	Salaries paid Rs. 5,000	(8)

3. The following is the T.B. Extracted from the books of vipin as on 30 Sept. 2010.

	Dr. Amt.	Cr. Amt.
Capital A/C	—	1,00,000
P&M	78,000	—
Fur	2,000	—
Pur & Sales	60,000	1,27,000
Returns	1,000	750
Opening Stock	30,000	—
Debtors/Creditors	45,000	25,000
Discount	425	800
Salaries	7,550	—
Wages	10,000	—
Carriage outward	1,200	—
Provision for doubtful Debts	—	525
Rent, rates, taxes	10,000	—
Advertisement	2,000	—
Cash	6,900	—
	2,54,075	2,54,075

Prepare trading and P&L A/C for the year ended 30 Sept. 2010 and a B/S on that date after taking into account the following Adjustments:

- (i) Closing Stock was valued Rs. 34,220

- (ii) Provision for Doubtful Debts is kept to at Rs. 500
- (iii) Depreciate P&M @ 10% p.a.
- (iv) The proprietor has taken goods worth Rs. 5,000 for personal use and distributed goods worth Rs. 1,000 as samples.
- (v) Purchase of Fur Rs. 920 has been passed through purchases book. (15)

4. The B/S of X Ltd. as on 31-03-09 and 31-3-10 were as under:

	31-03-09	31-03-10
<b>LIABILITIES</b>		
Share Cap	5,00,000	6,50,000
Share prem	50,000	—
P&L A/C	—	25,000
Debentures	2,00,000	1,10,000
Bank overdraft	80,000	1,00,000
Creditors	80,000	75,000
Proposed dividend	10,000	15,000
Provision for tax	20,000	25,000
	9,40,000	10,00,000

6226

6

ASSETS

Goodwill	1,00,000	75,000
Investments	1,50,000	2,00,000
Fixed Assets	5,50,000	5,50,000
Debtors	60,000	90,000
Stock	60,000	80,000
Cash	12,000	5,000
Prepaid Exp	8,000	—
	9,40,000	10,00,000

Additional Information :

- (i) Net profit for the year 2010 before tax and dividend was Rs. 63,000.
- (ii) Provision for tax made during the year was Rs. 25,000.
- (iii) Dep charged for 2010 was Rs. 80,000.
- (iv) Bonus shares of Rs. 50,000 were issued out of share premium.

Prepare cash flow statement. (15)

6226

7

5. Draw up B/S from the following details :

- Current ratio = 2  
 Liquid ratio = 1.4  
 Working ratio = Rs. 40,000  
 Stock turnover ratio = 5 times  
 Fixed Assets turnover ratio = 2 times  
 Gross profit ratio = 20%  
 Debtors velocity = 73 days  
 Fixed Assets to shareholder Net worth = 0.80  
 Reserve and surplus to capital = 0.25 (15)

6. (a) Explain Business Entity concept and Conventions of Conservatism. (4,4)
- (b) State briefly the specific requirement of AS-6 issued by ICAI, regarding "Dep Accounting". (7)
7. (a) Write a short note on "Auditor's Report" of a joint stock company (4)
- (b) Write a short note on "Report on Corporate governance" of a joint stock company. (4)

P.T.O.

(c) What do you understand by common size statement? How common size statement are prepared? Describe by taking imaginary figure.

(7)