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II Semester B.B.A. Degree Examination, September - 2023

BUSINESS ADMINISTRATION

Financial Accounting and Reporting

(NEP Scheme Freshers and Repeaters)

Paper : 2.1

Time : 2½ Hours

Maximum Marks :60

Instructions to Candidates:

Answer in English only.

SECTION -A

Answer any **FIVE** of the following questions. Each question carries **2** marks. **(5×2=10)**

1. a) What is pure single entry system?

- b) Mention four advantages of single entry system.

- c) What is debentures?

- d) What is partnership deed?

- e) What do you mean by shares issued at premium?

- f) What is statement of affairs?

- g) State the different types of shares?

[P.T.O.]



SECTION - B

Answer any FOUR of the following questions. Each question carries 5 marks.
(4×5=20)

2. M/s P, Q and R are partners sharing profits and losses in the ratio of 2:1:1, with capitals of Rs. 80,000, Rs. 40,000 and Rs. 40,000 respectively. According to their partnership dead, interest on capitals is to be allowed at 8% p.a. Interest on drawings to be charged at 12% p.a. Mr. R to be paid a monthly salary of Rs. 1,000. Interest on drawings amounted to Rs. 1,000, Rs. 600 and Rs. 400 respectively. The profit for the year before making the above adjustments was Rs. 62,800. Prepare profit and loss appropriation account.

3. Vikas company Ltd. Issued 10,000 shares of Rs. 10 each. The public subscribed for 8,000 shares and were fully allotted. The amount of each share was payable as under.

Rs. 2 per share on application.

Rs. 3 per share on allotment.

Rs. 2 per share on first call.

Rs. 3 per share on final call.

All the calls were made and the money was duly received except first call on 500 shares and final call on 1,000 shares.

Give journal entries in the books of the company.

4. The Reliance company Ltd. issued 50,000 debentures of Rs. 10 each. The amount was payable as follows.

Rs. 2 on application

Rs. 4 on allotment.

Rs. 2 on first call.

Rs. 2 on final call.

45,000 debentures were subscribed by the public. All the debentures were allotted and the money duly received. Pass journal entries.

5. Explain different types of share capital.

6. From the following information prepare a statement showing trend percentage

| Assets | 2015 | 2016 | 2017 | 2018 |
|----------------------|------------------|------------------|------------------|------------------|
| Cash | 1,00,000 | 1,20,000 | 80,000 | 1,40,000 |
| Debtors | 2,00,000 | 2,50,000 | 3,25,000 | 4,00,000 |
| Stock in trade | 3,00,000 | 4,00,000 | 3,50,000 | 5,00,000 |
| Other current assets | 50,000 | 75,000 | 1,25,000 | 1,50,000 |
| Land | 4,00,000 | 5,00,000 | 5,00,000 | 5,00,000 |
| Building | 8,00,000 | 10,00,000 | 12,00,000 | 15,00,000 |
| Plant | 10,00,000 | 10,00,000 | 12,00,000 | 15,00,000 |
| | 28,50,000 | 33,45,000 | 37,80,000 | 46,90,000 |

SECTION - C

Answer any TWO of the following questions. Each question carries 12 marks.

(2×12=24)

7. From the following information prepare a comparative Balance Sheet and comment on the position.

| Particulars | 31st March 2020 | 31st March 2021 |
|----------------------|-----------------------------------|-----------------------------------|
| Equity share capital | 4,00,000 | 6,00,000 |
| Debentures | 2,00,000 | 3,25,000 |
| Sundry creditors | 2,55,000 | 1,17,000 |
| Bank overdraft | 7,000 | 10,000 |

[P.T.O.]



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|--------------------------------------|-----------------|------------------|
| Total Liabilities and Capital | 8,62,000 | 10,52,000 |
| Plant and Machinery | 1,00,000 | 2,00,000 |
| Land and Building | 3,60,000 | 5,40,000 |
| Investments | 2,70,000 | 1,70,000 |
| Sundry debtors | 1,00,000 | 88,000 |
| Cash in hand | 32,000 | 54,000 |
| Total Assets | 8,62,000 | 10,52,000 |

8. From the following trial balance of M/s Nayak and shastry. Who share profits and losses equally, prepare the trading and Profit and Loss Account and Balance sheet as at 31st March 2021

| Particulars | Debit(Rs.) | Credit (Rs.) |
|---------------------|------------|--------------|
| Nayak's capital | - | 20,000 |
| Shastry's capital | - | 20,000 |
| Nayak's Drawings | 4,000 | - |
| Shastry's Drawings | 4,000 | - |
| Machinery | 20,000 | - |
| Buildings | 32,000 | - |
| Debtors | 10,000 | - |
| Trade expenses | 300 | - |
| Stock on 01-04-2021 | 8,000 | - |
| Salary | 4,000 | - |
| Rent for 11 months | 2,200 | - |
| Bad debts | 500 | - |
| Discount | 460 | 560 |



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|----------------------------|-----------------|-----------------|
| Returns | 760 | 1600 |
| Sales | | 78,000 |
| Purchases | 40,000 | |
| Commission | | 260 |
| Furniture | 2,000 | |
| Reserve for doubtful debts | | 800 |
| Wages | 7,000 | |
| Carriage | 500 | |
| Over draft | | 3,000 |
| Creditors | | 12,000 |
| Cash | 500 | |
| | 1,36,220 | 1,36,220 |

Adjustments:

- i) Allow interest on capital and drawings at 5% and 4% respectively.
- ii) Depreciation on machinery and furniture at 10% and 5% respectively.
- iii) Salary is prepared to the extent of Rs. 100
- iv) One month rent is outstanding.
- v) Interest on overdraft outstanding Rs. 450
- vi) Reserve 6% of sundry debtors for doubtful debts.
- vii) Closing stock was valued at Rs. 25,000.

9. From the following Trial Balance prepare final accounts of Nisha Trading Company Ltd. for the accounting period 31st March, 2022.

| Particulars | Debit(Rs.) | Credit (Rs.) |
|---|-----------------|-----------------|
| Sales | - | 6,54,000 |
| General reserves | - | 12,000 |
| Opening inventories | 58,400 | - |
| Trade payables | - | 25,890 |
| Purchase of Goods | 2,32,080 | - |
| Depreciation on tangible assets | 15,500 | - |
| Trade receivables | 85,000 | - |
| Salary expenses | 98,470 | - |
| Provision for bad and doubtful debts | - | 5,000 |
| Cash and Cash equivalents | 35,500 | - |
| Tangible assets | 1,55,000 | - |
| Freight | 48,880 | - |
| Amortization on tangible assets | 18,500 | - |
| Sundry expenses | 42,860 | - |
| Share capital (equity shares of Rs. 100 each) - | | 2,50,000 |
| P and L A/c | 20,000 | 7,000 |
| Power and fuel | 54,200 | - |
| Bad debts | 3,500 | - |
| Intangible assets | 86,000 | - |
| Total | 9,53,890 | 9,53,890 |

Adjustments :

- i) Closing inventories Rs. 28,800
- ii) Create provision for taxation at 30%
- iii) Write off 1/5th of preliminary expenses
- iv) Directors proposed dividend at 15% on share capital
- v) Write off Rs. 2,500 as bad debts and maintain RBDD at 10% on debtors.

SECTION - D

Answer any ONE of the following question. Which question carries 6 marks. (1×6=6)

10. State any six contents of partnership deed.
11. Prepare Debtors A/c and Bills payable accounts with imaginary figures.

