

Master of Business Administration (CBCS and Old Pattern) First Semester Old + CBCS  
**C15 / PCB1F05 - Financial Accounting**

P. Pages : 5

Time : Three Hours



**GUG/W/18/10678**

Max. Marks : 70

- Notes :
1. Attempt **any five** questions.
  2. All questions carry equal marks.

1. a) Journalise the following transaction in the books of Shri Shiv Kumar Gupta.

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Jan 2012

- |   |        |
|---|--------|
| 1. Commenced business with cash   | 50,000 |
| 2. Goods Purchased for cash   | 30,000 |
| 3. Paid Freight   | 2,000  |
| 7. Goods sold to Rajanikant on credit   | 13,000 |
| 8. Paid for stationary  | 1,000  |
| 9. Paid for Rent  | 5,000  |
| 10. Cash Received for Mohan Das   | 15,400 |
| Allowed him discount  | 600    |
| 17. Paid Premium  | 4,000  |
| 19. Paid Postage  | 100    |
| 20. Rakesh was declared insolvent fifty paisa<br>in the rupees was received from his.<br>estate, total debt being Rs. | 10,000 |
| 29. Paid Salaries   | 8,000  |

- b) From the following information prepare a suitable cash book.

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April 2012

- |   |        |
|---|--------|
| 1. Cash at hand                                       | 2,200  |
| 2. Cash at bank                                       | 8,700  |
| 3. Bought Goods From Rahim                            | 7,300  |
| 4. Cash sales banked                                  | 5,500  |
| 8. Sold goods to Das                                  | 8,200  |
| 9. Received Cheque in full settlement<br>of Das's A/c | 8,000  |
| 10. Paid to settle Rahim's A/c                        | 7,000  |
| 12. Purchased office furniture by cheque              | 3,500  |
| 13. Bought goods from P.K. Ghosh                      | 10,400 |
| 14. Paid carriage                                     | 200    |
| 18. Bank collected dividend                           | 500    |
| 20. Withdrawn from bank                               | 2,000  |
| 25. Paid wages  | 1,500  |
| 27. Paid to P.K. Ghosh by cheques                     | 1,000  |

2. On 31<sup>st</sup> January 2008. the cash book of Shri Gokhale showed a bank overdraft balance of Rs. 13,000. The pass book showed a different balance. On Investigation the following discrepancies were found. 14

1. Cheques of Rs. 2,500 were issued on 25<sup>th</sup> January to the creditor's, out of which one cheque of Rs. 1,500 was presented for payment on 1<sup>st</sup> Feb. and other cheque of Rs. 1,000 was presented on 6<sup>th</sup> Feb 2008.
  2. Cheque amounting to Rs. 1,800 were deposited into the bank out of which one cheque of Rs. 400 was collected on 27<sup>th</sup> January 2008.
  3. Dividend collected by the bank and credited in the pass book Rs. 90, was not recorded in the cash book.
  4. Mr faithful directly deposited in our Bank a/c Rs. 350 the intimation of the same was received on 3<sup>rd</sup> Feb 2008.
  5. Interest on overdraft debited in the pass book Rs. 150, but it was not recorded in the cash book.
  6. Pass Book showed a debit of Rs. 200 for dishonor of Bill of exchange formerly discounted.
- Prepare Reconciliation statement as on 31<sup>st</sup> January 2008.

3. The Receipts and payment A/c of Delhi football club for the year ending 31<sup>st</sup> March 2011 was as under. 14

Receipts and payment.  
31<sup>st</sup> March 2011

Receipts	Amt	Payment	Amt
To Balance (B/d) (1-4-2010)	48,000	By purchase of Balls	80,000
To subscription Received	2,46,000	By Tournament fees	10,000
To Interest	2,000	By Affiliation fees	2,000
To sale of furniture	10,000	By Rent of playground	5,000
To Donations for club Building	60,000	By Refreshment Exp.	4,000
		By Investment	1,00,000
		By Salaries	12,000
		By Miscellaneous Exp.	8,000
		By Balance (C/d)	1,15,000
	3,66,000		3,36,000

Prepare club Income & Expenditure A/c for the year ended 31<sup>st</sup> March 2011 and Balance sheet as on that date after taking the following information into A/c.

1. Subscription received Include Rs. 10,000 for the year 2009-2010 and Rs. 8,000 for the year 2011-2012. Rs 16,000 are still outstanding as subscription for the year 2010- 2011.
2. The book-value of furniture sold was Rs. 14,000
3. Interest earned but-not received amounted to Rs. 500.
4. Rent of playground due but not paid for the current year amounted to Rs. 6,000 Rs. 1,000 was paid for the year 2009-2010
5. Stock of balls on 31<sup>st</sup> March 2011 was Rs. 4,000
6. Salary outstanding for the year 2010-2011 was Rs. 5,000.

Particular	Dr Amt	Cr Amt
Opening stock	95,200	-
Purchases	4,70,000	-
Land & Buildings	1,86,000	-
Machinery	3,31,200	-
Loose Tools	18,800	-
Furniture	7,200	-
Preliminary Expenses	9,800	-
Sales	-	6,01,600
Share capital	-	4,00,000
6% Debentures	-	2,00,000
Cash	1,000	-
5% Govt Bonds	19,760	
Bills receivable	7,200	
Motor	26,000	
Goodwill	32,000	
Debtors	41,600	
Advertisement	5,080	
Audit fees	2,000	
Creditor's	-	61,200
Reserve fund	-	30,000
Profit & Loss A/c	-	17,600
Bank overdraft (Borrowed on 1-1-2014)	-	14,000
R.D.D	-	2,360
Wages & Salaries	53,800	-
Insurance	9,800	-
General Expenses	8,600	-
Repairs	1,720	-
Interim Dividend (30 <sup>th</sup> Sept)	6,000	-
Sundry Receipts	-	6,000
Total	13,32,760	13,32,760

Adjustment :-

- 1) Closing stock was of Rs. 1,08,400.
- 2) R.D.D. shall be 5% on Debtor's
- 3) Depreciate machinery 5% furniture 7.5% loose tools 10% motor 20%
- 4) Debenture Interest is to be provided for.
- 5) Interest @ 9% p.a. is payable on Bank overdraft.
- 6) Write off preliminary Expenses in full.
- 7) General Expenses outstanding are Rs. 2,400
- 8) Directors propose final dividend @ 6%

5. a) From the following Balance sheet of Sunny Co. Ltd as on 31<sup>st</sup> March 2016, estimate the value of goodwill by super profit capitalization method.

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Balance Sheet

Liabilities	Amt	Asset	Amt
50,000 equity share of Rs. 10 each	5,00,000	Building	2,60,000
6% Debentures of Rs. 500 each	50,000	Machinery	2,00,000
Creditor's	75,000	Accounts receivable	60,000
Provision for tax	35,000	Stock in trade	90,000
Dividend declared	50,000	Furniture	25,000
Profit & Loss A/c	1,00,000	Cash	75,000
		Bank	1,00,000
	8,10,000		8,10,000

Following appreciated value of Asset is estimated Building Rs. 3,00,000, stock Rs. 80,000 furniture Rs. 30,000 the devaluation of machinery Rs. 30,000.

Reasonable Rate of Returns on capital invested in Business is 12%

Profit for the last five years are as follows.

2014	-	1,08,000	2011	-	93,000
2013	-	1,15,000	2010	-	67,000
2012	-	1,17,000			

- b) The following figures are extracted from the books of Ravi Ltd.

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Share capital.

9% preference share of Rs. 100 each	3,00,000
1000 equity share of Rs. 100 each 50 called up	50,000
1000 equity share of Rs. 100 each 25 called up	25,000
1000 equity share of Rs. 100 each fully called up	<u>1,00,000</u>
	4,75,000

Reserve & surplus

General Reserve	2,00,000	
Profit & Loss A/c	<u>50,000</u>	<u>2,50,000</u>
		<u>7,25,000</u>

On fair valuation of all the asset of the company, it is found that they have an appreciation of Rs. 75,000. The article of Association provided that in case of liquidation, the preference share will have further. Claim to the extent of 10% of surplus

Asset:

Ascertain the value of each preference & equity share assuming a liquidation. Ignore expenses of winding up.

6. The Laxmi Trading Co. Ltd, Issued 5,000 share of Rs. 20 each at a premium of Rs. 4 per share. The amount was payable as under.

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On application	-	Rs. 4 per share
On Allotment	-	Rs. 10 per share (Including premium)
On first call	-	Rs. 6 per share
On final call	-	Rs 4 per share

Company received application for 8,000 share and the director's rejected application for 2,000 share and refunded the application money received there on. The share were allotted Pro-rata among the remaining application and the excess amount received from them on application was transferred to the allotment account.

50 share were allotted to Laxman who failed to pay the allotment money and his share were forfeited on non payment of the first call. Bharat who had applied for 120 share failed to pay both the call's hence his share were also forfeited.

All share forfeited were subsequently reissued to Ram at the rate of Rs. 18 per share as fully paid.

Pass necessary Journal entries in the books, of the company.

7. From the following Balance sheet of Kumar Ltd. Co as on 31<sup>st</sup> March 2015. Prepare liquidator's final statement.

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Balance Sheet

Liability	Amt	Asset	Amt
Authorized share capital	3,00,000	Building	1,00,000
6% pref. share capital (2,000 share of Rs. 100 each)	2,00,000	Plant & Machinery	2,50,000
Equity share capital (1,000 share of Rs. 100 each Rs. 75 paid)	75,000	Patents	40,000
3,000 equity share of Rs. 100 each Rs. 60 paid	1,80,000	Stock	55,000
5% Debentures (Floating charges)	1,00,000	Debtors	1,10,000
Interest outstanding	5,000	Cash	30,000
Creditor's	1,45,000	Profit & loss A/c	1,20,000
	10,05,000		7,05,000

When the payment of unsecured creditor's can made clear that company is solvent company. Company went into liquidation on above date the preference share dividend is in arrear's of 2 year. The arrear's are payable on liquidation. Creditor's Including loan of Rs. 50,000 the mortgage Land & Building 1,20,000.

Asset were realize as follows:-

Building Rs. 1,20,000, Patents Rs. 30,000.

Debtors Rs. 80,000, Plant & Machinery Rs. 2,00,000

Stock Rs. 60,000.

The expenses of liquidation is Rs. 10,900 the liquidation is entitle for commission 3% on all Asset except cash & 2% on amount distributed to unsecured creditor's preference creditor's amounted to Rs. 15,000. Assume that all payment ware made on 30<sup>th</sup> June 2016. Prepare liquidation final statement.

8. Why is the Going concern Postulate central to accounting practice?

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9. Write an explanatory note on accounting standard setting in India.

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10. Write short note **any two**.

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- Convention of conservatism
- Current and long term liabilities
- Procedure of Rectifying the errors
- Merits of Goodwill valuation

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