



DCBB – 201

**II Semester B.B.A. Examination, October/November 2022
(NEP)**

BUSINESS ADMINISTRATION

Paper – 2.1 : Financial Accounting and Reporting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answer should be written **completely in English.**

SECTION – A

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

1. a) What do you mean by Partnership Deed ?
- b) What are Equity shares ?
- c) What is meant by issue of shares at discount ?
- d) What are comparative statements ?
- e) What do you mean by Goodwill ?
- f) Mention any four uses of Corporate Financial reports.
- g) What is Corporate reporting ?

SECTION – B

Answer **any three** of the following questions. **Each** question carries **5** marks. **(3×5=15)**

2. M/s A, B and C are partners sharing profits and losses in the ration of 3:2:1, with capitals of ₹ 60,000, ₹ 40,000 and ₹ 20,000 respectively. According to Partnership deed interest on Capital is to be allowed at 6% p.a and interest on drawings to be charged at 12% p.a. Mr. C is to be paid a monthly salary of ₹ 500. Interest on drawings amounted to ₹ 1,000, 300 and 500 respectively. The Profit for the year before making above adjustment was ₹ 42,800.

Prepare Profit and Loss Appropriation A/c.

P.T.O.



3. The Net profits of a business after providing for taxation for the past five years are ₹ 80,000, ₹ 1,00,000, ₹ 90,000, ₹ 1,50,000 and ₹ 1,80,000. Ascertain the value of Goodwill on the basis of 5 years purchase of Average profits.
4. XYZ Ltd. issued 10,000 equity shares of ₹ 100 each and all the money due were received except the final call on 500 shares at ₹ 30 per share. The Directors forfeited these shares and reissued them at ₹ 70 each as fully paid. Journalise the above transactions.
5. Under what heading do you show the following items in Balance sheet of a Co.
 - Land and Buildings
 - Stock in trade
 - Loose Tools
 - Goodwill
 - Preliminary expenses.
6. Distinguish between Pref. shares and Equity shares.

SECTION – C

Answer **any three** of the following questions. **Each** question carries **8** marks. **(3×8=24)**

7. Following is the Balance sheet of Pooja Ltd. for the year ended 31-03-2022.

Liabilities	₹	Assets	₹
Share Capital		Fixed Assets	
10,000 shares of ₹ 10 each	1,00,000	Buildings	1,00,000
Reserves and Surplus		Machinery	50,000
Profit and Loss A/c	10,000	Current Assets	
Add : Profit for 2021-22	<u>80,000</u>	Debtors	50,000
	90,000		



Secured Loans

7% Debentures 70,000

Current Liabilities

Sundry Creditors 40,000

3,00,000

Stock

40,000

Cash

60,000

3,00,000

Normal rate of return on average capital employed is 10%. Find out the value of Goodwill on the basis of 3 years purchase of Super profit. For the purpose of Valuation of Goodwill, Buildings are valued at ₹ 1,50,000 and Machinery at ₹ 50,000. All other assets are worth their book values.

8. A company issued 1,00,000 Equity shares of ₹ 100 each at par. The amount payable is as follows.

On application ₹ 20

On allotment ₹ 20

On first call ₹ 30

On final call ₹ 30

Murali holding 1,000 shares did not pay the final call money. His shares were forfeited and reissued at ₹ 60 per share as fully paid.

Journalise the above transactions.

9. On 31-03-2022 the Trial Balance of A and B stood as follows. They share Profits and Losses in the ratio of 3:2. You are required to prepare trading and Profit and Loss A/c and Balance sheet after considering the adjustments given.

Trial Balance as on 31-03-2022

Particulars	Debit	Particulars	Credit
Cash in hand	3,000	A's Capital	2,00,000
A's Drawings	10,000	B's Capital	1,50,000
B's Drawings	5,000	Commission	1,000



Land and Buildings	1,10,000	Sales	6,80,000
Salaries	18,000	Purchase returns	15,000
Discount	2,000	Sundry creditors	67,000
Sundry Debtors	80,000	Bills payable	19,000
Rent and taxes	14,000		
Opening stock	20,000		
Wages	60,000		
Printing and stationary	4,000		
Furnitures	35,000		
Plant and Machinery	80,000		
Sales returns	6,000		
Purchases	6,50,000		
Insurance	9,000		
Bills Receivables	26,000		
	11,32,000		11,32,000

Adjustments :

- 1) Closing stock as on 31-03-2022 was valued at ₹ 50,000
- 2) Provide for O/S wages ₹ 5,000 and O/S salaries ₹ 6,000
- 3) Provide depreciation on buildings at 5% and on Plant and Machinery at 10%.



10. The Balance sheets of A Ltd. and B Ltd. as on 31-03-2022 are given below.

Particulars	A Ltd.	B Ltd.
Equity and Liabilities		
Equity Share Capital	1,50,000	4,00,000
Pref. share capital	1,20,000	1,60,000
Reserves	14,000	18,000
Long term Loans	1,15,000	1,30,000
Bills payable	2,000	—
Creditors	12,000	4,000
Outstanding expenses	15,000	6,000
Proposed dividend	10,000	90,000
	4,38,000	8,08,000
Assets		
Land and Buildings	80,000	1,23,000
Plant and Machinery	3,34,000	6,00,000
Temporary Investments	1,000	40,000
Inventories	10,000	25,000
Debtors	4,000	8,000
Prepaid expenses	1,000	2,000
Cash and Bank Balance	8,000	10,000
	4,38,000	8,08,000

Prepare Common size Balance sheets.



11. From the following details of ABC Ltd., Prepare a Balance sheet as on 31-03-2022.

Particulars	Amt.
Equity share capital of ₹ 10 each	3,50,000
10% Pref. share capital	1,00,000
Plant and Machinery	5,34,000
Furniture	12,550
Land and Buildings	2,80,000
General reserve	90,000
10% Debentures	1,50,000
Capital Reserve	10,000
Securities Premium	60,000
Provision for taxation	70,000
Surplus in P and L A/c	69,100
Bills Receivable	6,200
Trade receivables	34,350
Trades payables	35,500
Stock in trade	42,600
Cash and Bank	24,900



SECTION – D

Answer **any one** of the following questions. **Each** question carries **11** marks.

(1×11=11)

12. What is corporate reporting ? State the characteristic features of an ideal Annual report.
 13. Throw light on the Financial highlights that can be included in annual report.
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