



DCBB – 201

**II Semester B.B.A. Examination, Aug./Sept. 2023**  
**BUSINESS ADMINISTRATION (NEP – Freshers and Repeaters)**  
**Paper – 2.1 : Financial Accounting and Reporting**

Time : 2½ Hours

Max. Marks : 60

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

**SECTION – A**

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

1. a) Define Partnership.
- b) Write the meaning of Super profit.
- c) What do you mean by calls in arrears ?
- d) Give the meaning of current liabilities with examples.
- e) Mention any four tangible fixed assets.
- f) What are comparative statements ?
- g) What is management discussion and analysis ?

**SECTION – B**

Answer **any three** of the following questions. **Each** question carries **four** marks. **(3×4=12)**

2. On 01-04-2022 Raj and Ravi entered into partnership contributing ₹ 30,000 and ₹ 20,000 respectively and sharing profits in the ratio of 2 : 1. Ravi is to be allowed a salary of ₹ 1,000 p.m., interest on capital is to be allowed at 6% p.a. During the year Raj withdraw ₹ 8,000 and Ravi ₹ 4,000, interest on the same being ₹ 200 and ₹ 100 respectively. Their profits for the year ending 31-03-2023 before the above mentioned adjustments amounted to ₹ 30,000. Prepare profit and loss appropriation account.
3. Gagan Ltd. is planning to purchase the business from a firm. For this purpose, it is agreed to value goodwill at 2 years purchase of the weighted average profits. The appropriate weights and the profits for the past 4 years are as under :

Year	Weight	Profit (₹ in lakhs)
2019	1	100
2020	2	125
2021	3	150
2022	4	200

Calculate the value of goodwill.

4. State under what headings and sub-headings the following items would appear in the Balance Sheet of a company as per Schedule III, Part – I of the Companies Act, 2013.
  - a) Goodwill
  - b) Bank overdraft
  - c) Proposed dividend
  - d) Share premium.

P.T.O.



5. Calculate trend percentages from the following figures of Zen Ltd., taking 2018 as base year.

(₹ in lakh)

Year	Sales	Stock	PBT	Salaries
2018	2,140	780	450	950
2019	2,365	820	480	1,200
2020	3,020	930	530	1,350
2021	3,500	1,160	660	1,400
2022	4,000	1,200	700	1,530

6. Distinguish between equity shares and preference shares.

### SECTION – C

Answer **any three** of the following questions. **Each** question carries **ten** marks. (3×10=30)

7. Ravi and Venkat are the partners sharing profits and losses in the ratio of 2 : 1. From the following ledger balances prepare profit and loss appropriation account, partners capital account and Balance Sheet for the year ending 31-12-2022.

Particulars	Debit (₹)	Credit (₹)
Capital :		
Ravi		64,000
Venkat		75,000
Drawings :		
Ravi	10,000	
Venkat	12,000	
Sundry debtors	1,00,000	
Sundry creditors		40,000
Bills receivables	20,000	
Bills payable		8,000
Plant and machinery	30,000	
Furniture and fixtures	8,000	
Cash in hand	2,200	

Their profits for the year ending 31-12-2022 before making the interest on capital, salary and interest on drawing amounted to ₹ 34,550.

#### Adjustments :

- Closing stock was valued at ₹ 40,000
- Depreciate plant and machinery by 10% and furniture by 5%
- As per Partnership Deed, the following to be provided :
  - Salary to Ravi ₹ 6,000 per annum
  - Interest on capital @ 5% per annum
  - Interest on drawings to be charged ₹ 200 to Ravi and ₹ 250 to Venkat.



8. Following is the Balance Sheet of Chethan Ltd., as on 31-3-2023.

Liabilities	₹	Assets	₹
Share capital	30,00,000	Fixed assets	20,00,000
Reserves and surplus	7,50,000	Current assets	25,00,000
Creditors	12,50,000	Investments	5,00,000
	<b>50,00,000</b>		<b>50,00,000</b>

The investments are in 8% Government Bonds. The net profit after taxation for the past 4 years were : ₹ 7,85,000; ₹ 8,45,000; ₹ 8,50,000 and ₹ 8,60,000 respectively. Normal rate of return on average capital employed is 20%. Calculate goodwill at 3 years purchase of super profits.

9. From the following trial balance prepare Final Accounts of Nishi Trading Company Limited for the accounting period 31<sup>st</sup> March, 2022.

Particulars	Dr. (₹)	Cr. (₹)
Sales		6,54,000
General reserve		58,400
Opening inventories	25,890	
Trade payables		17,000
Purchase of goods	2,97,100	
Depreciation on tangible assets	15,500	
Trade receivables	85,000	
Salary expenses	98,470	
Cash and cash equivalents	35,500	
Tangible assets	1,55,000	
Freight	48,880	
Amortisation of intangible assets	18,500	
Sundry expenses	42,860	
Share capital (equity shares of 100 each)		2,50,000
P&L A/c		7,000
Preliminary expenses	20,000	
Power and fuel	54,200	
Bad debts	3,500	
Intangible assets	86,000	
	<b>9,86,400</b>	<b>9,86,400</b>

**Adjustments :**

- Closing inventories ₹ 28,880.
- Write off 1/5<sup>th</sup> of preliminary expenses.
- Directors proposed dividend of 15%.



10. Vikas Company Ltd. issued 10,000 equity shares of ₹ 100 each. The public subscribed for 8,000 shares and were fully allotted. The amount of each equity share was payable as under :

On application	₹ 20 per share
On allotment	₹ 30 per share
On first call	₹ 20 per share
On final call	₹ 30 per share

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

Pass necessary journal entries in the books of the company and prepare bank account.

11. What is Corporate financial report ? List the users of annual report and explain its uses to them.

#### SECTION – D

Answer **any one** of the following questions. **Each** question carries **eight** marks. **(1×8=8)**

12. What are 'Financial Highlights' ? List the major components that are included under 'Financial Highlights'.
13. The Balance Sheets of PQ Chemicals Limited for the year ended March 31<sup>st</sup> 2022 and 2023 are given below.

Particulars	2021-22 (₹)	2022-23 (₹)
<b>Equities and Liabilities</b>		
Equity share capital	6,00,000	8,00,000
Reserves and surplus	3,30,000	2,20,000
Debentures	2,00,000	3,00,000
Other non-current liabilities	1,50,000	2,00,000
Bills payable	50,000	45,000
Sundry creditors	1,00,000	1,20,000
Other current liabilities	5,000	10,000
<b>Total</b>	<b>14,35,000</b>	<b>16,95,000</b>
<b>Assets</b>		
Land and buildings	3,70,000	2,70,000
Plant and machinery	4,00,000	6,00,000
Furniture and fixture	20,000	25,000
Goodwill	25,000	30,000
Cash in hand	20,000	80,000
Bills receivable	1,50,000	90,000
Sundry debtors	2,00,000	2,50,000
Stock-in-trade	2,50,000	3,50,000
<b>Total</b>	<b>14,35,000</b>	<b>16,95,000</b>

Prepare a comparative Balance Sheet and comment on the financial position of the concern.