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II Semester B.B.A. (NEP) Degree Examination, October - 2022

**BUSINESS ADMINISTRATION**

**Financial Accounting and Reporting**

**Paper : FAR**

**(CBCS Scheme Freshers)**

**Time : 2½ Hours**

**Maximum Marks : 60**

***Instructions to Candidates:***

All answers should be written in English only.

**Section - A**

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

1. a. What do you mean by Trend analysis?
- b. State the different types of shares.
- c. What is 'fluctuating capital system'?
- d. What is 'Common size Income Statement'?
- e. Give four examples of Intangible assets.
- f. What is Quasi single entry system?
- g. Mention four advantages of single entry system.

[P.T.O.]



## Section - B

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

2. Distinguish single entry system and double Entry system.
3. Lakshmi, Pathi and Naidu are partners sharing profits and losses in the ratio of 2:1:1, with capitals of Rs. 40,000, Rs. 20,000 and Rs. 20,000 respectively. According to their partnership deed, interest on capital is to be allowed at 8% p.a, interest on drawings to be charged at 12% p.a. Mr. Naidu to be paid a monthly salary of Rs. 500. Interest on drawings amounted to Rs. 500, Rs. 300 and Rs. 200 respectively for partners. The profit for the year before making above adjustments was Rs. 31,400.

Prepare profit and loss Appropriation Accounts.

4. The Udaya Trading company limited, with a registered capital of Rs. 1,00,000 issued 5,000 equity shares of Rs. 10 each, payable Rs. 2 on application, Rs. 2 on allotment, Rs. 3 on first and final call. All the shares were subscribed and the money duly received except the first call on 500 shares and the final call on 1,000 shares.

Give journal entries in the books of the company.

5. Anand motor company issued Rs. 50,000, 6% debentures of Rs. 100 each at a discount of Rs. 10 perdebenture payable as :

on application Rs. 30

on allotment Rs. 40

on first and final call Rs. 20

All the debentures were subscribed, called up and paid up. Pass necessary journal entries by recording the transactions in the books of the company

6. From the following information, interpret the results of manufacturing operations of Narayana Ltd. Using trend ratio.

Particulars	2018-19	2019-20	2020-21	2021-22
	Rs.	Rs.	Rs.	Rs.
Revenue from operations	200	180	240	300
Cost of goods sold	120	120	140	160
Other expenses	20	20	30	40
Taxes	30	20	35	50
Profit after taxes	30	20	35	50



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## Section - C

Answer any Two of the following questions. Each question carries Twelve marks.

(2×12=24)

7. From the following trial balance of M/S Mahesh traders, prepare the final accounts for the year ended 31<sup>st</sup> March 2022.

Particulars	Debit (Rs.)	Credit (Rs.)
Land and buildings	50,000	-
Purchases	1,10,000	-
Stock (1.4.2021)	40,000	-
Returns	1,500	2,500
Wages	10,000	-
Salaries	9,000	-
Office expenses	2,400	-
Carriage inwards	1,200	-
Carriage outwards	2,000	-
Discounts	750	1,200
Bad debts	1,200	-
Sales	-	2,05,000
Mr. Madhu's capital	-	80,000
Mr. Ramaiah's capital	-	50,000
Insurance	1,500	-
Commission	-	1,500
Plant and machinery	50,000	-
Furniture and fixtures	10,000	-
Bills receivable	20,000	-
Sundry debtors	40,000	-
Sundry creditors	-	25,000
Cash - in - hand	1,500	-
Cash - at - bank	4,500	-
Office equipment	12,000	-
Bills payable	-	2,350
<b>Total</b>	<b><u>3,67,550</u></b>	<b><u>3,67,550</u></b>

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The following adjustments are required :

1. Closing stock amounted to Rs. 60,000.
  2. Provide interest on capital at 5%.
  3. Outstanding liabilities : wages - Rs. 2,000, Rent - Rs. 3,000.
  4. Create a reserve at 5% on debtors for doubtful debts.
  5. Insurance premium pre - paid Rs. 200.
  6. Depreciate land and buildings at 5% plant and machinery at 10% office equipments, furniture and fixtures at 10%.
8. Prepare the final accounts of Hindustan Company Ltd. from the following trial balance as on 31<sup>st</sup> March 2022.

Particulars	Rs.
<b>Debit balances :</b>	
Calls - in - arrears	5,000
Premises	7,50,000
Machinery	1,50,000
Furniture	50,000
Purchases	6,80,000
Wages	1,25,000
Salaries	60,000
Interim dividend	20,000
Goodwill	2,00,000
Debtors	60,000
Bills receivable	38,000
Bad debts	2,000
Debenture Interest (upto 30.9.2022)	20,000
Stock on 1.4.2022	41,000
	<u>22,01,000</u>



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Credit balances :

Share capital	5,00,000
Sales	10,00,000
Reserve fund	1,80,000
Profit and loss account	35,000
Creditors	75,000
10% debentures	4,00,000
Bills payable	10,000
Reserves for doubtful debts	1,000
	<u>22,01,000</u>

Adjustments :

1. The stock on 31.3.2022 was valued at Rs. 80,000.
2. Depreciate machinery and furniture by 10%.
3. Maintain Reserve for doubtful debts at 5% on debtors.
4. The directors proposed a final dividend at 15%.
5. The debenture interest is unpaid for 6 months.

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9. The following are the balance sheets of TVS Ltd. for the years ending 31.03.2021 and 31.3.2022.

Particulars	2020-21 (Rs.)	2021-22 (Rs.)
<u>Equity and liabilities :</u>		
Equity share capital	2,00,000	3,30,000
Preference share capital	1,00,000	1,50,000
Reserves	20,000	30,000
Profit and loss Account	15,000	20,000
Bank overdraft	50,000	50,000
Creditors	40,000	50,000
Provision for taxation	20,000	25,000
Proposed dividend	15,000	25,000
<b>Total</b>	<b>4,60,000</b>	<b>6,80,000</b>
<u>Assets :</u>		
Fixed assets	2,40,000	3,50,000
Stock	40,000	50,000
Debtors	1,00,000	1,25,000
Bills receivable	20,000	60,000
Prepaid expenses	10,000	12,000
Cash - in - hand	40,000	53,000
Cash - at - bank	10,000	30,000
<b>Total</b>	<b>4,60,000</b>	<b>6,80,000</b>

You are required to comment on the financial position of business with the help of comparative balance sheet techniques.

**Section - D**

Answer any **One** of the following questions, which carries **Six** marks. (1×6=6)

10. Prepare memorandum trading account with imaginary figures, showing calculation opening stock.
  11. Pass journal entries for the following transactions.
    1. Ramya Ltd. Issued 6,000, 10% Debentures at par of Rs. 100 each repayable at par.
    2. Radha Ltd. issued 5,000, 14% debentures of Rs. 100 each at a discount of 5% to be repaid at par at end of 5 years.
    3. Chethan Ltd. issued 10% debentures of the total face value of Rs. 10,00,000 @ 105% to be redeemed at par.
    4. Darshan Ltd. issued Rs. 5,00,000, 12% debentures at par, but redeemable at the end of 05 years at 105%.
    5. Eshwar Ltd issued Rs. 5,00,000, 15% Debentures at a discount of 5% repayable at a premium of 10% at the end of 5 years.
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