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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

LIBRARIAN (UG / PG)
Shri Devi Natharichand Nahar
Adarsh College
BANGALORE - 560 018.

Time : 2½ Hours

Maximum Marks :60

Instructions to Candidates:

Answer in English only.

SECTION - AAnswer 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 deed, 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	31 st March 2020	31 st 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



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



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:

- Allow interest on capital and drawings at 5% and 4% respectively.
- Depreciation on machinery and furniture at 10% and 5% respectively.
- Salary is prepared to the extent of Rs. 100
- One month rent is outstanding.
- Interest on overdraft outstanding Rs. 450
- Reserve 6% of sundry debtors for doubtful debts.
- 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 $1/5^{\text{th}}$ 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.
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