

2020

BUSINESS ADMINISTRATION — HONOURS

Paper : A103 (C-2)

(Business Accounting)

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Answer **any five** questions.

1. Write notes on :
 - (a) Generally Accepted Accounting Principles
 - (b) The Accounting Equations. 8+8
2. Explain about different methods of charging depreciation. 16
3. (a) What are the objectives of Financial Statement Analysis?
 - (b) Write notes on IFRS. 8+8
4. From the following information, prepare a cash flow statement of A & Co. Ltd. : 16

Liabilities	01.01.2017(₹)	31.12.2017(₹)	Assets	01.01.2017(₹)	31.12.2017(₹)
Equity share capital	4,05,000	5,72,500	Fixed Assets (W.D.V)	6,88,500	8,37,000
12% Preference share capital	2,70,000	1,35,000	Investments	40,500	1,08,000
14% Debentures	1,35,000	2,70,000	Cash	54,000	2,01,250
Reserve & Surplus	1,48,500	3,64,500	Other Current Assets	2,70,000	4,05,000
Current Liabilities	1,08,000	2,16,000	Discounts on issue of Debentures	13,500	6,750
	10,66,500	15,58,000		10,66,500	15,58,000

Additional information —

- (i) Depreciation charged on fixed assets was ₹ 81,000.
- (ii) An interim dividend of 15% was paid on equity shares. Additional shares were issued on 31.12.2017.
- (iii) Preference shares were redeemed at a premium of 15%.
- (iv) Fixed assets with a book value of ₹ 54,000 were sold at ₹ 33,750.
- (v) Preference Dividend paid during the year ₹ 32,400.
- (vi) Debentures interest paid during the year ₹ 18,900.

Please Turn Over

5. On the basis of following information, calculate :
- (a) Gross Profit Ratio; (b) Working Capital Turnover Ratio; (c) Debt Equity Ratio; and (d) NP Ratio.
Net Sales ₹ 30,00,000; Cost of Goods Sold ₹ 20,00,000; Current Assets ₹ 6,00,000;
Current Liabilities ₹ 2,00,000; Paid-up Share Capital ₹ 5,00,000; Debentures ₹ 2,50,000; Loan ₹ 1,25,000;
Operating expenses ₹ 7,00,000. 4×4
6. From the following particulars, prepare a Bank Reconciliation Statement as on 31st December, 2017.
- (i) Bank balance as per Cash Book ₹ 25,450.
(ii) A number of cheques were deposited in the bank but on 31st December, 2017, a cheque for ₹ 500 was not credited in the passbook.
(iii) Several cheques aggregating ₹ 5,000 were issued but only cheques for ₹ 4,500 were presented to the bank for payment.
(iv) The bank had directly collected dividend ₹ 400 and interest ₹ 300 but this was not entered in the Cash Book.
(v) In accordance with the instructions, the bank honoured a bill for ₹ 2,000 but the debit note was sent to the trader only on 2nd January 2018.
(vi) Bank charges ₹ 20 were not entered in the Cash Book.
(vii) The debit balance for November was shown short in the Cash Book by ₹ 300.
(viii) The Bank Pass Book revealed that a cheque for ₹ 250 received from a person had been dishonoured, but no entry was passed in the Cash Book. 2×8
7. The following are the transactions of Mr. A, sole trader, for the 1st week of October, 2017 :
- (i) Received from Mohan by cheque ₹ 275; Discount allowed to him ₹ 5.
(ii) Paid Miscellaneous expenses ₹ 25 in cash.
(iii) Purchased furniture from Maniams and issued a cheque for ₹ 900. Paid postage in cash ₹ 15.
(iv) Paid Office salaries ₹ 600; Withdrawn from Bank ₹ 500.
(v) Paid Suman & Co. by cheque ₹ 1,980 in full settlement of their dues of ₹ 2,000.
(vi) Cheque in favour of Suman & Co. returned not honoured since date was wrongly mentioned in cheque. Issued a fresh cheque in their favour including ₹ 5 towards bank charges on cheque returned.
The following were the balances on October 1, 2017—Cash ₹ 738; Bank ₹ 12,176.
You are required to write up a Double Column Cash Book. 16
8. (a) Discuss about valuation of inventory mentioning relevant Accounting Standard.
(b) From the following information calculate the value of stock under FIFO method of stock valuations:
Date : 4+12
- (i) 01.01.19 Opening balance 500 units @ ₹ 10
(ii) 05.01.19 Purchased 6000 units @ ₹ 12
(iii) 10.01.19 Issued 4000 units
(iv) 14.01.19 Purchased 5000 units @ ₹ 14
(v) 18.01.19 Issued 5000 units
(vi) 24.01.19 Issued 1000 units.

9. From the following information prepare 'Comparative Income Statement' :

16

	2018 (₹)	2019 (₹)
Sales	5,00,000	8,00,000
Cost of goods sold	3,00,000	5,00,000
Operating Expenses	75,000	1,00,000
Other Income	50,000	75,000
Income Tax	30%	30%

10. Prepare a Trading Account and a Profit & Loss Account for the year ended 31st December 2017 and a Balance Sheet as on that date from the following Trial Balance and the adjusted items :

16

Particulars	Dr.(₹)	Cr.(₹)	Particulars	Dr.(₹)	Cr.(₹)
Opening Stock	46,000		Office electricity expenses	9,400	
Purchases and Sales	4,42,000	8,20,000	Telephone charges	4,400	
Sales returns and Purchase returns	8,000	12,000	Cash at Bank	18,000	
Discount Received		2,200	Printing and Stationary	11,200	
Wages	43,500		Postage and Stamps	1,090	
Salaries	66,000		Furniture	2,00,000	
Carriage inwards	39,100		Petty cash	210	
Advertising expenses	10,200		Prepaid printing	1,200	
Bill Receivable and payable	9,000	10,000	Insurance premium	3,000	
12% Bank Loan (taken on 1st November 2017)		1,50,000	Carriage outwards	12,000	
Office equipment	1,99,700		Bad debts	800	
Land & Building	3,36,000		Interest on Bank Loan paid	1,500	
Provision for doubtful debts		3,200	Capital Account		4,76,900
Sundry Debtors and Creditors	45,000	40,000	Reserve for Discount on Creditors	1,700	
Rates and taxes	5,300		Total	15,14,300	15,14,300

Adjustment Items :

- Closing stock was valued at ₹ 38,000 on 31st December 2017.
- Goods worth ₹ 2,500 were distributed by salesmen as free samples, but no entry has been made for this.
- Depreciate furniture by 10% p.a. and office equipment by 10% p.a.
- Reserve for discount on creditors to be maintained at 2%.
- Provision for doubtful debts to be maintained at 5% on debtors.
- Create a provision for discount on debtors at 2%.

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11. (a) Prepare a Trial balance from following as on 31.03.2020.

Stock	6,000	Bills Receivable	29,000
Machinery	40,000	Interest Received	3,000
Capital	90,000	Sundry Debtors	44,000
Cash in Hand	5,000	Rent	4,500
Cash at Bank	10,000	Sales	1,60,000
Sundry Creditors	45,000	Commission Allowed	2,500
Wages	10,000	General Expenses	8,000
Purchases	80,000	Salaries	5,000
		Furniture	54,000

(b) Explain the Accounting standards issued by ICAI related to Disclosure of Accounting Policies.

8+8

12. On 01.01.17 ABC Co. Ltd. purchased a machinery for ₹ 18,00,000 and spent ₹ 2,00,000 on its installation. Its estimated Life was 10 years and Scrap value ₹ 1,00,000.

On 01.01.19 a new machinery was purchased for ₹ 10,00,000 with installation ₹ 50,000. Its estimated Life was 10 years.

On 01.07.20 first machinery was sold for ₹ 50,000

Prepare Machinery A/c and Depreciation A/c for 2017 to 2020. (4 years)

16