

Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics
Ponda – Goa

B.C.A. (SEMESTER-I) EXAMINATION, OCTOBER 2013
BUSINESS ACCOUNTING

DURATION: 2 HRS

MARKS: 50

- Instructions: 1) All questions are compulsory.
2) Figures to right indicate marks.
3) Use of calculator is allowed.

Q.1.A) Fill in the blanks. (5)

- 1) _____ refers to the policy of 'playing safe'.
- 2) _____ refers to explanation of the entry.
- 3) Quick ratio is also known as _____.
- 4) Accrual vouchers are also known as _____.
- 5) _____ is an expenditure charged against operation.

Q.1.B) Match the pairs (5)

- | <u>A</u> | <u>B</u> |
|-----------------------------|---------------------------|
| 1) Stock turnover ratio | a) No voting rights |
| 2) Preference share holders | b) Capital expenditure |
| 3) Source of fund | c) Issue of share capital |
| 4) Cost of goodwill | d) Credit customers |
| 5) Debtors | e) Owner of the Business |
| | f) Velocity of stock |

Q.2.A) M/s. Arnav Productions Pvt. Ltd. is engaged in the production of product called alpha. Following are their transactions for the month of September 2013. (10)

- Sept. 1 Purchased goods worth ₹ 27,000/- from M/s. Prakash & Company and paid ₹ 25,000/-
- Sept. 4 Paid rent of the Building ₹ 3,500/-
- Sept. 5 Sold goods worth ₹ 30,000/-
- Sept. 10 Paid towards printing and stationery ₹ 2,570/-
- Sept. 15 Paid to Prakash & Company ₹ 2,000/-
- Sept. 20 Sold goods worth ₹ 15,000/- to M/s. Nisha Traders and received ₹ 12,000/-
- Sept. 25 Received the balance amount of ₹ 3,000/- from M/s. Nisha Traders.

You are required to pass the Journal entries for the above transactions and also prepare the following accounts.

- 1) Purchases A/c
- 2) M/s. Prakash & Company A/c
- 3) M/s. Nisha Traders A/c

Q.2.B) M/s. Akbar and sons furnishes you their Cash and bank transactions for the month of July, 2013. (10)

- 1st July Cash on hand ₹ 70,600/-
Cash at Bank ₹ 25,200/-
- 4th July Paid to M/s. Kamat and Brothers ₹ 18,000/- on account of purchase of goods as per the Bill No. 7335.
- 15th July Received cheque no. 465986 drawn on The Saraswat Bank, Ponda for ₹ 1,25,000/- from M/s. Kurtarkar & Sons towards full and final settlement of our Bill no. 227.
- 20th July Cash Sales realized as per Bill No. 231 – 236 ₹ 42,000/-
- 23rd July Cheque no. 259358 for ₹ 51,000/- issued to M/s. Rege Industries Ltd. against Bill No. 3665.
- 29th July Petty cash expenses ₹ 2,500/- as per Petty Cash Book folio no. 463 Bill no. 953.

You are required to prepare the necessary Cash and Bank vouchers and also prepare a Cash book with Cash & Bank Column and balance the same.

Their address is: M/s. Akbar & Sons – Margao, Goa

Their Banker is: Canara Bank – Margao, Goa

Cash Book folio no. 110

Prepare vouchers only if bills are not available.

Q.3.A) M/s. Bhagvan Traders purchased a machinery worth ₹ 15,75,000/- on 1/4/2007 and they bought additional machinery on 1/10/2007 worth ₹ 9,00,000/-. The depreciation rate they charged is 10% p.a. under fixed installment method. On 1/10/09 they sold the machinery which was purchased on 1/4/2007 for ₹ 11,00,000/- and on the same date they bought a new machinery costing ₹ 7,50,000/-. Show machinery account and depreciation account for the year ended 31/3/2010. (10)

OR

Q.3.B) On 1st April 2005 M/s. Shining Stars Ltd. purchased a machinery for ₹ 2,00,000/-. On 1st October 2005 they bought further machinery costing ₹ 1,00,000/-. On 1st October 2007 they sold for ₹ 60,000/- the machine purchased on 1st April, 2005 and bought another machine for ₹ 1,20,000/- on the same date. They provided Depreciation @10% p.a. under Reducing Balance Method. The financial year closes on every 31st March. Prepare machinery A/c for the year ended 2005-06, 2006-07 and 2007-08. (10)

Q. 4 A) M/s. Sultan Chand & Sons provides you their Trial Balance for the year ended 31/3/2013. You are required to prepare Trading & Profit and Loss A/c for the year ended 31/3/2013 and Balance Sheet as on that date. (10)

Trial balance

Particulars	Amount	Particulars	Amount
Motor vehicle	2,70,000.00	Sales	5,70,000.00
Rent	12,000.00	Royalties	90,000.00
Purchases	2,25,000.00	R.D.D.	3,875.00
Salaries	45,000.00	Discount	6,000.00
Bad debts	42,000.00	P/L A/c	30,000.00
Furnitures	95,000.00	General Reserves	1,00,000.00
Opening Stock	2,50,000.00	6% Debentures	1,50,000.00
Insurance	10,000.00	Creditors	95,000.00
Cash	60,000.00	Bills Payable	64,625.00
Power & Fuel	7,500.00	Return outward	35,000.00
Investments	1,00,000.00	Share Capital	5,00,000.00
Interest on debentures	4,500.00		
Manufacturing wages	3,500.00		
Debtors	75,000.00		
Plant & machinery	3,90,000.00		
Bills Receivable	55,000.00		
	16,44,500.00		16,44,500.00

Additional information:

- i. Closing Stock as on 31/3/2013 ₹ 1,85,000/-
- ii. Provide discount on Creditors @ 2%.
- iii. Provision for doubtful debts to be made on debtors @ 2.50% .
- iv. Interest on debentures is outstanding for 6 months.
- v. Salaries outstanding ₹ 7,000/-, Prepaid Insurance ₹ 2,000/-.
- vi. Provide depreciation @ 2.50% on plant and machinery.
- vii. Transfer to General Reserve ₹ 25,000/-.

Q.4.B) Following are the Balance Sheets of M/s. Asian Steels Ltd. for the year ended 2012 & 2013. (10)

Balance sheet as on 2012 and 2013

Liabilities	2012	2013	Assets	2012	2013
Share Capital	7,85,000.00	9,45,000.00	Plant	4,50,000.00	3,90,000.00
General Reserve	90,000.00	1,05,000.00	Building	3,20,000.00	5,10,000.00
P&L A/c	55,000.00	69,000.00	Investments	1,00,000.00	1,30,000.00
Creditors	65,000.00	54,000.00	Inventories	75,000.00	93,000.00
Bills Payable	45,000.00	59,000.00	Debtors	65,000.00	47,900.00
Provision for tax	20,000.00	22,000.00	Bills Receivable	23,200.00	30,000.00
Outstanding wages	2,200.00	1,900.00	Cash	29,000.00	55,000.00
	10,62,200.00	12,55,900.00		10,62,200.00	12,55,900.00

Additional information:

- i. Depreciation charged on Plant @ 10%.
- ii. Paid dividend ₹ 22,000/-.
- iii. Income Tax paid during the year ₹ 10,000/-.

Prepare a Cash Flow Statement for the year ended 2013.

Q.5.A) Following is the summarized Profit & Loss A/c of M/s. Siddhartha Products Ltd. for the year ended 31st December 2012 and the Balance Sheet as on that date. (10)

Profit and Loss A/c for the year ended 31st December 2012

Particulars	Amount	Particulars	Amount
To Opening Stock	99,500.00	By Sales	8,50,000.00
To Purchases	5,45,250.00	By Closing stock	1,49,000.00
To Manufacturing expenses	14,250.00		
To Gross profit c/d	3,40,000.00		
	9,99,000.00		9,99,000.00
To Operating expenses		By Gross Profit b/d	3,40,000.00
Selling & distribution	30,000.00	By Non-operating income	
Administration	1,50,000.00	Interest	3,000.00
Finance	15,000.00	Profit on Sale of Shares	9,000.00
			<u>6,000.00</u>
To Non-operating expenses			
Loss on Sale of Assets	4,000.00		
To Net Profit c/d	1,50,000.00		
	3,49,000.00		3,49,000.00

Balance Sheet as on 31st December 2012

Liabilities	Amount	Assets	Amount
Equity Share Capital	2,00,000.00	Land & Building	1,50,000.00
Reserves	90,000.00	Plant & Machinery	80,000.00
P&L A/c	60,000.00	Stock-in-trade	1,49,000.00
Bills Payable	75,000.00	Sundry Debtors	71,000.00
Creditors	55,000.00	Cash & Bank Balance	30,000.00
	4,80,000.00		4,80,000.00

From the above statements you are required to calculate the following ratios.

- | | |
|--------------------------------------|-------------------------------|
| a. Current Ratio | e. Operating Ratio |
| b. Liquid Ratio | f. Stock Turnover Ratio |
| c. Gross Profit Ratio | g. Return on Capital employed |
| d. Return on Proprietors funds Ratio | h. Debtors Turnover Ratio |

Q.5.B) Progressive Company Limited is incorporated with an authorized capital of ₹ 20,00,000/- divided into 20,000 shares of ₹ 100/- each. The Company issued 10,000 shares of ₹ 100/- each payable as under. (10)

- On application - ₹ 20/-
- On Allotment - ₹ 30/-
- On first call - ₹ 20/-
- On final call - ₹ 30/-

Applications were received for 15,000 shares. The directors decided to allot the shares as follows.

- To the applicants for 7,000 shares -- full
- To the applicants for 5,000 shares -- 3,000 shares
- To the applicants for 3,000 shares -- Nil

The directors did not make the final call. All the money due on shares were duly received except the first call on 500 shares, as a result, these shares were forfeited. You are required to pass the Journal Entries.

XXXXXXXXXXXXXXXX