

Faculty of Business Management
BBA I-Year, CBCS-II Semester Backlog Examinations –January, 2021
PAPER: FINANCIAL ACCOUNTING-II

Time: 2 Hours

Max Marks: 80

I. Answer any **FIVE** of the following questions (5x16=80 Marks)

1. Explain the classification of ratios.
2. From the data calculate:
 - (i) Gross profit ratio (ii) Net profit ratio (iii) Return on total assets
 - (iv) Inventory turnover (v) Working capital turnover (vi) Net worth to debt

Sales	25,20,000
Cost of sale	19,20,000
Net profit	3,60,000
Inventory	8,00,000
Current liabilities	6,00,000
Other current assets	7,60,000
Fixed assets	14,40,000
Net worth	15,00,000
Debt	9,00,000

3. Explain the advantages of Funds Flow Analysis.
4. From the following balance sheets of a sole trader, prepare a fund flow statement.

Liabilities	1999	2000	Assets	1999	2000
	Rs.	Rs.		Rs.	Rs.
Capital	63,000	1,00,000	Cash	15,000	20,000
Long term loans	50,000	60,000	Debtors	30,000	28,000
Trade creditors	42,000	39,000	Stock	55,000	72,000
Bank overdraft	35,000	25,000	Land & building	80,000	1,00,000
Outstanding expenses	5,000	6,000	Furniture	15,000	10,000
	1,95,000	2,30,000		1,95,000	2,30,000

5. Differentiate between Funds Flow and Cash Flow Statement.

6. Following are the balance sheets of a Vijay & son.

Liabilities	1-1-05	31-12-05	Assets	1-1-05	31-12-05
Creditors	36,000	41,000	Cash	4,000	3,600
Loan from partner	-	20,000	Debtors	35,000	38,400
Loan from bank	30,000	25,000	Stock	25,000	22,000
Capital	1,48,000	1,49,000	Land	20,000	30,000
			Building	50,000	55,000
			Machinery	80,000	86,000
	2,14,000	2,35,000		2,14,000	2,35,000

During the year Rs.26,000 paid as dividend. The provision made for depreciation against machinery as on 1.1.05 was Rs.27,000 and on 31.12.05 Rs.36,000. Prepare a cash flow statement.

7. Explain the types of shares.
8. Sri Krishna agro chemical Ltd. Was registered with a capital of Rs.50,00,000; divided into 50,000 shares of Rs.100 each. It issued 10,000 shares at discount of Rs.10 per share, payable as: Rs.40 per share on application, Rs.30 per share on allotment, Rs.20 per share on call.

Company received applications for 15,000 shares. Applicants for 12,000 shares were allotted 10,000 shares and applications for the remaining shares were sent letters of regret and their application money was returned. Call was made. Allotment and call money was duly received. Make journal entries in the books of the company.

9. Explain the preparation of company balance sheet.
10. The following trial balance was extracted from the book of William Watson, a sole trader, at the close of business on 31 October 2008.

	Dr (Rs.)	Cr (Rs.)
Debtors & creditors	4,110,000	2,070,000
Discounts	530,000	290,000
Capital as at 1 November 2007		5,200,000
Drawings	2,760,000	
Bank overdraft		1,090,000
Bills receivable & payable	550,000	380,000
Purchases & sales	9,840,000	17,630,000
Sales & purchases returns	720,000	360,000
Wages & salaries	3,250,000	
Office furniture	800,000	
Delivery van	960,000	
Van running expenses	420,000	
Rent & rates	710,000	
Cash	90,000	
Stock as at 1 November 2007	1,970,000	
Bad debts written off	270,000	
Sundry expenses	260,000	
Provision for bad & doubtful debts		220,000
	27,240,000	27,240,000

Additional notes:-

- (a) Stock as at 31 October 2008 - Rs.3,040,000
 (b) Rs.70,000 wages remained outstanding on 31 October 2008
 (c) Rs.60,000 rates were paid in advance on 31 October 2008
 (d) Provision for depreciation: Office furniture - 20%
 Delivery van - 30%

Required:-

Prepare a trading and profit and loss account for the year ended 31 October 2008, together with a balance sheet as at that date.
