

Faculty of Business Management

BBA I-Year, CBCS-II Semester Backlog Examinations, Dec/Jan 2019-20

PAPER: Financial Accounting-II

Time: 3 hours

Max Marks: 80

Section-A

- I. Answer any FIVE of the following questions (5x4=20 Marks)
1. Pay-out Ratio
 2. Uses of Ratio Analysis
 3. Working capital management
 4. Concept of cash flow
 5. Rights Issue
 6. Redemption of Debentures
 7. Interim Dividend
 8. Pro-rata basis

Section-B

- II. Answer the following questions (5x12=60 Marks)
9. (a) Explain and illustrate the following ratios in the interpretation of financial statements.
- i) Current Ratio
 - ii) Stock Turnover Ratio
 - iii) Gross Profit Ratio
 - iv) Operating Ratio

OR

- (b) The Assets and Liabilities of a firm as on 31st Dec, 2017 were as under. Calculate the Current ratio and Networking capital.

Liabilities	Amt (Rs)	Assets	Amt(Rs)
Share capital	30,00,000	Plant	40,00,000
Reserves & surplus	8,00,000	Buildings	20,00,000
Debentures	30,00,000	Stock	15,00,000
Creditors	6,00,000	Debtors	10,00,000
Bills Payable	2,00,000	Prepaid Expenses	2,50,000
Accrued Expenses	2,00,000	Marketable Securities	7,50,000
Provision for taxation	6,50,000	Cash	2,50,000
Long term loan	13,00,000		
	97,50,000		97,50,000

- 10.(a) What are the causes for changes in working capital of a company?
How can these changes be shown in a statement?

OR

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(b) The Balance Sheets of Bright Ltd., at the end of 2016 and 2017 as follows:

	2016	2017
Liabilities:	(Rs)	(Rs)
Preference Shares	70,000	75,000
Equity Share Capital	1,30,000	1,75,000
Creditors	1,00,000	70,000
P&L a/c	20,000	30,000
	3,20,000	3,50,000
Assets:	(Rs)	(Rs)
Plant & Machinery	50,000	60,000
Furniture & fixtures	20,000	75,000
Stock	80,000	50,000
Debtors	70,000	85,000
Cash	1,00,000	80,000
	2,20,000	3,50,000

Calculate Funds from Business operations and prepare statement of Sources and Uses of Funds.

11.(a) What do you understand by flow of cash? Enumerate the sources of cash.

OR

(b) Prepare a Cash Flow statement by using imaginary figures.

12.(a) Elegant Ltd. Issued at 25,000 equity shares of Rs. 10 each at a discount of 10% payable as follow:

On Application	Rs. 3.00 per share
On Allotment	Rs. 1.00 per share
On First call	Rs. 2.50 per share
On Final call	Rs. 2.50 per share

Applications were received for 30,000 shares and the directors allotted 25,000 shares and refunded the excess application money for 5,000 shares. The allotment money was duly received on all the shares. One shareholder holding 1,000 shares did not pay the first call money while another shareholder holding 200 shares paid the final call money along with the first call money. The company did not make the final call.

Show the journal entries and prepare the Balance sheet of the company.

OR

(b) Elucidate types of Preference Shares.

13. (a) The Alfa manufacturing Company Limited was registered with a nominal capital of Rs 6, 00,000 in Equity Shares of Rs 10 each.

The following is the List of balances extracted from its books on 31st December, 2017:	
	Rs.
Wages	84,865
Cash-in-arrears	7,500
Premises	3,00,000
Plant & Machinery	3,30,000
Interim Dividend paid on 1st August 2017	37,500
Stock, 1st January, 2017	75,000
Fixtures	7,200
Sundry Debtors	87,000
Goodwill	25,000
Cash in hand	750
Cash at bank	39,900
Purchases	1,85,000
Preliminary Expenses	5,000
General Expenses	16,835
Freight and Carriage	13,115
Salaries	14,500
Director's Fees	5,725
Bad Debts	2,110
Debenture interest paid	9,000
Subscribed and fully called-up capital	4,00,000
6% Debentures	3,00,000
Profit and Loss Account (Cr. Balance)	14,500
Bills payable	38,000
Sundry creditors	50,000
Sales	4,15,000
General Reserve	25,000
Bad debts Reserve 1 st January 2017	3,500

Prepare Trading and Profit and Loss Account and Balance Sheet in proper form after making the following adjustments:

Depreciate Plant and Machinery by 10%. Write off Rs 500 from Preliminary Expenses. Provide half year's Debenture interest due. Leave Bad and Doubtful Debts Reserve at 5% on Sundry Debtors. Stock on 31st December, 2017, was Rs. 95,000.

(OR)

- (b) Portray the Balance Sheet proforma according to schedule VI of the companies Act 1956.
