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Your Roll No.....

**BACHELOR OF BUSINESS
ADMINISTRATION I YEAR
EXAMINATION, 2010**

Paper — BBAD-102

FINANCIAL ACCOUNTING

Time : 2½ Hours

Maximum Marks : 70

*(Write your Roll No. at the top immediately
on receipt of this question paper.)*

*Answer all Sections as per instructions given in each
Section.*

SECTION -A

1. Define each one of the following in one or two sentences: (1 × 10 = 10)
- a) Ledger
 - b) Double Entry Accounting
 - c) Written Down Value Depreciation
 - d) Holding Company
 - e) Secured Loans
 - f) Corporate Value
 - g) Swap Ratio

P.T.O.

- h) Inventories
- i) Suspense Account
- j) Statutory Books.

SECTION - B

Answer any SIX questions (6 × 5 = 30)

2. What is a Journal? What are the different types of Journals?
3. What are the salient features of 'Director's Report'?
4. What is deferred tax liability? How is it different from current tax liability?
5. Why are financial statements important?
6. Why do we value shares? Discuss any one method of valuation.
7. How do you treat payments made to debenture holders of Transfer Company by Transferee Company?
8. What is a holding company? How do you determine a chain holding relationship?
9. a) What is a bank statement?
b) Is the bank reconciliation statement a part of your secondary books?

SECTION - C

Answer any THREE questions (3 × 10 = 30)

10. Describe the process of inventory valuation in a corporate entity.

11. The assets and liabilities position of XYZ Ltd. as on 31st December 2009 were as follows:

Assts:	(Rs. in Lakhs)
Fixed assets	7,671.81
Capital work in progress	979.16
Investments	8,038.74

**Current Asets, Loans
and Advances:**

Inventories	11,495.17	
Sundry debtors	6,079.15	
Cash and Bank balances	2,040.15	
Loans advances	<u>5,766.73</u>	
		25,881.20

Liabilities:

Loan Funds	-	
Secured Loans	530.44	
Unsecured loans	<u>2,120.94</u>	
		2,651.43

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Current Liabilities and Provisions	-	
Liabilities	10,803.19	
Provisions	<u>2,971.24</u>	
		13,774.43
Equity		25,645.10

What journal entry XYZ Ltd. should pass as on 1st January 2010 to incorporate the above?

12. ABC Ltd. made the following purchases of inputs during March 2008.

Date	Units Purchased	Total cost per Unit (Rs.)	Excise Duty (Rs.)
5.3.08	150	25	5
10.3.08	200	30	6
15.3.08	250	30	6
20.3.08	300	40	8

Final products manufactured and sold during the month were:

Date	Units Produced and sold	Selling per Unit (Rs.)	Excise Duty (Rs.)
12.3.08	100	60	15
20.3.08	200	75	18
25.3.08	375	80	20

ABC Ltd. also deposited Rs. 5,000 with the excise authority during March 2008. Cash and bank balance at the beginning of March 2008 was Rs. 30,000. Show how the above transactions will be disclosed in the financial statements. (Assume FIFO).

13. X Ltd. is a 100% subsidiary of Y Ltd. Their balance sheets as on 31st March 2008 are given below:

		(Rs. in lakhs)	
		X Ltd.	Y Ltd.
Sources of Funds:			
Shareholders Funds:			
Share capital			
-Equity shares of Rs. 10/- each	500	200	
Research & Surplus	325	75	
	<u>825</u>	<u>275</u>	
Loan Funds:			
Secured Loan	100	45	
Unsecured Loan	125	30	
	<u>225</u>	<u>75</u>	
	<u>1050</u>	<u>350</u>	
Application of Funds			
Fixed Assets (net Block)	500	250	
Investment			
Shares of Y Ltd.	220	--	
Others	30	25	
	<u>600</u>	<u>200</u>	
Current Assets, Loans & Advances	600	200	
Less: Current Liabilities & Provisions	<u>300</u>	<u>125</u>	<u>75</u>
	<u>1050</u>	<u>350</u>	

Y Ltd. was X Ltd.'s wholly owned subsidiary since inception. Prepare consolidated financial statements.

14. XYZ Ltd. furnishes the following particulars about their investment in shares of ABC Ltd. for the year 2007-2008.

Balance of shares held on 1st April, 2007 (10,000 shares of Rs. 10 each)	Rs.262,000
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Purchased 2000 shares on 1st July, 2007 @ Rs. 30 per share cum dividend	Rs.60,000
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Sold 500 shares on 1st August, 2007 @ Rs. 35 per share cum dividend	Rs.17,500
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ABC Ltd. declared final dividend for 2006-2007

On 1st Sept. 2007

Received 1:5 bonus shares on 1st February, 2008	20%
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Brokerage for each transaction is 2%. Find out cost of shares held by XYZ Ltd. as on 31st March 2008.