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II Semester B.B.A. Degree Examination, September - 2023

AVIATION MANAGEMENT

Financial Accounting and Reporting

Paper : 2.1

(NEP Scheme(F+R))

Time : 2½ Hours

Maximum Marks :60

Instructions to Candidates:

Answer should be written completely in English

SECTION - A

Answer any Five of the following questions. Each question carries 2 marks.

(5×2=10)

1. a) What is partnership?
- b) Name the techniques of financial analysis.
- c) What do you mean by share capital?
- d) What do you mean by forfeiture of shares?
- e) What is Corporate financial reporting?
- f) Define financial statements.
- g) Why profit and loss a/c and balance sheet prepared?



SECTION - B

Answer any Four of the following questions. Each question carries 5 marks.

(4×5=20)

2. Enumerate the characteristic features of corporate financial reporting.
3. Banu Priya company Ltd. issued 20,000 shares of Rs. 10 each. All the money was duly received except the final call on 200 shares at Rs. 4 per share from Ms. Pooja. The Directors forfeited these shares and then re-issued the same as fully paid at Rs. 7 per share. Write up the journal entries for forfeiture and re-issue of shares.
4. From the following information, interpret the results using trend ratios.

Particulars	2019-20	2020-21	2021-22	2022-23
Revenue from operations	2,00,000	1,80,000	2,40,000	3,00,000
Cost of goods sold	1,20,000	1,20,000	1,40,000	1,60,000
Other Expenses	20,000	20,000	30,000	40,000
Taxes	30,000	20,000	35,000	50,000

[P.T.O.]



5. Menu and Tanu Commenced their business with capital investment of Rs. 4,00,000 and Rs. 3,00,000 respectively on 01.04.2022. They agreed to share profit in the ratio of their opening capitals. The partnership Deed Provides that Mr. Manu is entitled for a salary of Rs. 40,000 per year. Interest on Capitals is to be allowed at 6% pa. Their drawings during the year were: Manu - Rs. 50,000 and Tanu - Rs. 45,000, interest on the same being Rs. 2,500 and Rs. 1,500 respectively. The profit for the year ending. 31.03.2023, amounted to Rs. 1,76,000 before the above mentioned adjustments.

Prepare the profit and loss appropriation a/c.

6. You are given the following extracts of ledger balances from taken from Kashvi Ltd. for the year ending 31.03.2023.

Prepare a statement of profit and loss.

Particulars	Rs.
Revenue from Operations	98,000
Other Income	2000
Advertising	5250
Salaries	27000
Depreciation	2800
Insurance	1000
Interest on Debentures	1000
Preliminary expenses written off	1000
Bad debts	500
Discount allowed	500
Printing and stationery	1000
Cost of materials Consumed	25,000

SECTION - C

Answer Two of the following question. Each Carries 12 marks. (2×12=24)

7. Kashyap Company Ltd having an authorised capital of Rs. 15,00,000 in shares of Rs. 10 each issued 1,00,000 shares of Rs. 10 each payable.

On applications	Rs. 2
On allotment	Rs. 3
On first call	Rs. 2
On final call	Rs. 3



(3)

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Application received from public totaled to 1,50,000 shares. The Directors allotted as follows:

- To the applicants of 70,000 shares - full
- To the applicants of 50,000 shares - 30,000 shares
- To the applicants of 30,000 shares - Nil

All the calls were made and the money duly received except final call money on 2000 shares. These shares were forfeited and re-issued at Rs. 7 per share.

Pass necessary Journal entries.

8. The balance sheets of Sonu Ltd and Monu Ltd as on 31.03.2023 are given as below:

Particulars	Sonu Ltd.	Monu Ltd.
Equities and liabilities		
Equity share capital	1,50,000	4,00,000
Preference share capital	1,20,000	1,60,000
Reserves	14,000	18,000
Long Term Loans	1,15,000	1,30,000
Bills Payable	2000	-
Creditors	12,000	4000
Outstanding expenses	15,000	6,000
Proposed Dividend	10,000	90,000
	4,38,000	8,08,000
Assets		
Land and Buildings	80,000	1,23,000
Plant and Machinery	3,34,000	6,00,000
Temporary Investments	1000	40,000
Inventories	10,000	25,000
Debtors	4000	8000
Prepaid Expenses	1000	2000
Cash and Bank Balance	8,000	10,000
	4,38,000	8,08,000

Comment on the financial position of the two companies with the help of common size balance sheets technique.

[P.T.O.]

9. From the following trial balance of M/S. Balaji Traders, prepare the final accounts for the year ended 31.03.2023 and the balance sheet as at that date:

Particulars	Dr. (Rs)	Cr.(Rs)
Land and Buildings	50,000	-
Purchases	1,10,000	-
Stock (01.04.2022)	40,000	-
Returns	1500	2,500
Wages	10,000	-
Salaries	9000	-
Office expenses	2400	-
Carriage inwards	1200	-
Carriage outwards	2000	-
Discount	750	1,200
Bad debts	1200	-
Sales	-	2,05,000
R's Capital account	-	80,000
S's capital account	-	50,000
Insurance	1500	-
Commission received	-	1,500
Plant and machinery	50,000	-
Furniture and fixtures	10,000	-
Bills Receivable	20,000	-
Sundry Debtors	40,000	-
Sundry Creditors	-	25,000
Cash in hand	1500	-
Cash in bank	4500	-
Office equipments	12,000	-
Bills payable	-	2,350
	3,67,550	3,67,550

Both the partners R & S shares the profits and losses equally.

The following adjustments are required:

- Closing stock amounted to Rs. 60,000/-
- Outstanding wages = 2,000, Rent = 3,000
- Depreciation - Land and Buildings at 5%, plant and Machinery at 10%.
- Create a reserve at 5% on debtors for doubtful debts.
- Prepaid insurance Rs. 200

SECTION - D

Answer any One of the following questions. Each question carries Six Marks.

(1×6=6)

- Draft a comparative income statement with imaginary figures.
- List out the significant accounting policies in annual report of the company.