

## FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

## Third Semester BBA Degree Examination, November 2023

## BBA3C02 – Business Regulations

(2022 Admission onwards)

Time: 2 ½ hours

Max. Marks: 80

**Part A****Answer all questions**

1. Define offer.
2. What is constructive consideration?
3. When consent for a contract is said to be free?
4. What do you mean by breach of contract?
5. What is meant by remission?
6. What is a quasi contract?
7. Who are the parties of a contract of guarantee?
8. Define the term 'agency'.
9. What is meant by 'frustration'?
10. Define the term 'goods' under Sales of Goods Act
11. What you mean by contingent goods?
12. What is meant by 'caveat emptor'?
13. What is meant by consumer dispute?
14. What is CCI
15. What are the objectives of RTI Act?

(15 x 2 = 30, Maximum ceiling 25 marks)

**PART B****Answer all questions**

16. What is the need for business law?
17. What you mean by assignment of a contract?
18. What is tender and what are different types of tender
19. Differentiate between contract of indemnity and guarantee
20. What are the rights of unpaid seller?
21. What are the rights of consumer under Consumer Protection Act?
22. What are the objectives of Competition Act?
23. Who are the authorities under Right to Information Act?

(8x5 = 40, Maximum ceiling 35 marks)

### **PART C**

**Answer any two questions**

24. Explain the impact of mistake in the formation of a contract.
25. Discuss implied conditions and warranties in a contract of sale
26. Discuss the rights and liabilities of principal debtor and surety in a contract of guarantee.
27. Explain the procedures for application and provision of appeal under RTI Act

**(2x10 = 20 Marks)**

## FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

## Third Semester BBA Degree Examination, November 2023

## BBA3B04 – Corporate Accounting

(2022 Admission onwards)

Time: 2 ½ hours

Max. Marks: 80

## Part A

All questions can be attended

1. Define accounting standards.
2. What is IFRS adoption?
3. What do you mean by development cost?
4. Define 'contingent liability'.
5. What are own debentures?
6. What is capital redemption reserve account?
7. What do you mean by interim dividend?
8. What do you mean by capital reserve?
9. How the various activities are classified while preparing cash flow statement?
10. What is an interest coverage ratio?
11. A company had current assets ₹ 3,00,000 and current liabilities ₹ 1,40,000. Afterwards, it purchased goods worth ₹ 20,000 on credit. Calculate the current ratio after the purchase of goods.
12. X Ltd. had issued 2000, 8% debentures of ₹.100 each at par and redeemable at 10% premium by converting debentures into equity shares of ₹. 10/- each at par. Write journal entry for conversion.
13. An entity's PPE's carrying value ₹. 12,00,000; Revalued at Rs.16,00,000; Rate of Tax 30%. What is the deferred tax liability?
14. How is an intangible asset with indefinite useful life recognized as per Ind AS 38?
15. Distinguish between Sinking Fund method and Insurance Policy method.

(15 X 2 =30, Maximum ceiling 25 marks)

## Part B

All questions can be attended

16. Define accounting standards. What are their advantages and disadvantages?
17. Discuss the principles of disclosures of financial elements.

18. An entity acquired plant and equipment for ₹. 100,000 on January 1, 2022. The asset is depreciated at 25% a year on the straight line basis, and local tax legislation permits the management to depreciate the asset at 30% a year for tax purposes. Calculate any deferred tax liability that might arise on the plant and equipment at December 31, 2022, assuming a tax rate of 30%.
19. A Ltd has 9,000, 7% Debentures of ₹.100 each is due for redemption on 31<sup>st</sup> March 2020. Assume that Debenture Redemption Reserve has a balance of ₹.75,000 on that date. It was decided to invest the required amount towards Debenture Redemption Investment. Record the necessary journal entries at the time of redemption of debentures.
20. Barbero Ltd had 8000, 8% redeemable preference shares of ₹.25 each, ₹ 20 called up. The company decided to redeem the preference shares at 5% premium by the issue of sufficient number of equity shares of ₹.10 each fully paid up at a premium of 10%. Pass journal entries relating to redemption.
21. Horizon Ltd. had to the credit of its Surplus Statement ₹.1,04,500 on 1<sup>st</sup> January 2020. During the year 2020 it earned a profit of ₹.2,60,000 before charging depreciation and manager's commission which amounted to ₹.40,000 and ₹.10,000 respectively. It was decided to;
- Transfer ₹.50,000 to the General Reserve
  - Transfer ₹.32,500 to the Dividend Equilisation Fund
  - To pay the year's dividend on ₹.3,00,000, 10% Preference Shares.
  - To pay 20% dividend on ₹. 4,00,000 Equity Share Capital
  - To transfer ₹.40,000 to Debenture Redemption Fund.

Show the above transactions in the Notes to be shown in the Statement of Profit and Loss

22. From the following information, calculate net cash flows from financing activities.

	2013 (₹)	2014 (₹)
Share Capital	250000	4,00,000
10% Debentures	200000	1,50,000
Securities Premium	25000	40,000

**Additional Information:** Interest paid on debentures ₹. 20,000

23. Following information is given for a company for the year ended 31<sup>st</sup> March 2023.

	Amount (₹)
10,000 equity shares of ₹ 10 each ₹ 8 paid	80,000
11% 5,000 preference share of ₹ 20 each	100,000
Profit before tax	80,000
Rate of tax	50%

*Calculate:* Return on Equity Capital

(8 X 5 = 40, Maximum ceiling 35 marks)

### PART C

Answer any *two* questions

24. List any 10 IAS/ IFRS with corresponding Indian accounting standards.  
 25. The following is the Trial balance of Zuari cement Co. Ltd on 31-03-2023

Debit Balances	Amount	Credit Balances	Amount(₹)
	(₹)		
Stock (1-4-2022)	75,000	Sales	3,50,000
Purchases	2,45,000	P&L statement (31-03-2022)	15,030
Wages	50,000	Equity Share Capital (10,000 Shares)	1,00,000
Furniture and Fittings	17,000	Sundry creditors	17,500
Salaries	7,500	Reserve Fund	15,500
Rent	4,950	Discount Received	5,000
Sundry Expenses	7,050		
Dividend paid	9,000		
Debtors	37,500		
Machinery	29,000		
Cash in hand	10,200		
Cash at bank	6,000		
Patents and Trade Mark	4,830		
	<u>5,03,030</u>		<u>5,03,030</u>

Adjustments: (1) Stock on 31-03-2023 was worth ₹. 82,000; (2) Depreciate fixed assets at 10%; (3) Make provision for income tax at the rate of 50%.

Prepare Statement of P&L account and Balance sheet for the year ended 31-03-2023 in the form prescribed under Companies Act 2013.

26. The ratios relating to Cosmos Ltd are given as follows:-

Gross Profit Ratio	15%
Inventory Velocity	6 Months
Trade Receivable Velocity	3 Months
Trade Payable Velocity	3 Months

Gross profit for the year ending March 31, 2023 amounts to Rs.60,000. Closing inventory is equal to opening inventory.

Find out:

- Revenue from Operations
- Closing Inventory
- Trade Receivables
- Sundry Trade Payables

27. From the following particulars prepare Cash Flow Statement of Mr. Kumar

	1 <sup>st</sup> January 2022	31 <sup>st</sup> January 2022
Cash	5,000	4,000
Debtors	40,000	45,000
Stock	30,000	25,000
Land	30,000	40,000
Building	50,000	55,000
Machinery	70,000	80,000
	<b>2,25,000</b>	<b>2,49,000</b>
Current Liabilities	35,000	40,000
Loan from Mr. Ali	---	25,000
Bank Loan	40,000	30,000
Capital	1,50,000	1,54,000
	<b>2,25,000</b>	<b>2,49,000</b>

During the year Mr. Kumar brought an additional capital of ₹10,000 and his drawings during the year were ₹ 31,000.

Provision for depreciation on Machinery:- Opening balance ₹ 30,000, Closing balance ₹ 40,000.

No depreciation need to be provided for other assets.

(2 x 10 = 20 Marks)

## FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

## Third Semester BBA Degree Examination, November 2023

## BBA3B05 – Financial Management

(2022 Admission onwards)

Time: 2 ½ hours

Max. Marks: 80

## PART A

(Answer all questions)

1. Define financial management.
2. What is payback period?
3. How projects are evaluated under NPV method?
4. State the various approaches of finance.
5. What is the impact of financial leverage?
6. What is stable dividend policy?
7. What is benefit-cost ratio?
8. Define IRR.
9. What is optimum capital structure?
10. State the objectives of inventory management.
11. How investment is averaged under ARR method?
12. What is EBIT-EPS analysis?
13. Define capital budgeting.
14. 20 years, 12.5% debentures are sold at Rs 75, face value being Rs 100. Tax rate is 50%.

Calculate cost of debentures.

15. A firm has cash Rs 3000, debtors Rs 5000, stock Rs 4000, short term investments Rs 5000, creditors Rs 7000 and bills payables Rs 4000. Calculate net working capital.  
(15 X 2 = 30, Maximum ceiling 25 Marks)

## PART B

(Answer all questions)

16. What are the functions of financial management?
17. Explain the significance of cost of capital.
18. What are the principles of working capital?
19. How gross and net operating cycles are computed?
20. Explain the various models under theory of relevance in respect of dividend decisions.

21. A firm has sales of Rs 2000000, variable cost of Rs 1400000, fixed cost of Rs 400000 and debentures of Rs 1000000 in its capital structure obtained @ 10%. Calculate leverages.
22. A company is contemplating to declare dividend of Rs 20.15 next year. The company's has growth rate of 6% and currently its shares are being traded in the market at Rs 125 per share. Find cost of equity shares.
23. The annual demand for a product is 6400 units. The unit cost is Rs 6 and inventory carrying cost per unit per annum is 25% of the average inventory cost. If the cost of procurement is Rs 75, calculate economic order quantity.

(8 X 5 = 40, Maximum ceiling 35 Marks)

### PART C

(Answer any two questions)

24. "Wealth maximization is the most suitable objective of a firm". Elucidate
25. Explain the various factors determining the working capital of a firm.
26. A company has the following capital structure

Sources	Book Value	Cost
Equity Capital (Rs10 each)	45000	14
Retained Earnings	15000	13
Preference Capital	10000	10
Debentures	30000	5

Calculate composite average cost of capital

27. A company is considering an investment proposal to install a new machine at a cost of Rs 250000. It has a life expectancy of 5 years and has no scrap value. The tax rate is 40% and firm uses straight line method of depreciation. The estimated cash flows before depreciation and after tax (CFBT) are as follows:

Years	1	2	3	4	5
CFBT	60000	70000	90000	100000	150000
P.V @ 10%	0.909	0.826	0.751	0.683	0.621

Calculate NPV of the machine.

(2 X 10 = 20 Marks)