



CB – 392

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**II Semester B.B.A. Examination, August/September 2023
(CBCS) (Repeaters) (2014 – 15 and Onwards)
BUSINESS ADMINISTRATION
Paper – 2.3 : Financial Accounting**

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written only in **English**.

SECTION – A

1. Answer **any five** of the following. **Each** question carries **2** marks. **(5×2=10)**

- Who is an insurer ?
- What is paid up capital ?
- What is Hire Purchase Price ?
- Give the meaning of Royalty.
- Expand IPO.
- Mention any two methods of calculating purchase consideration.
- Write any two differences between hire purchase and sale.



SECTION – B

Answer **any three** of the following. **Each** question carries **6** marks. **(3×6=18)**

- Briefly explain difference between equity shares and preference shares.
- In the premises of Mr. Akash a fire occurred on 15 June 2022, the accounting records were saved from which the following procedure available.

	Rs.
Stock on 1-1-2022	19,000
Purchases from 1-1-2022 till date of fire	1,72,000
Sales from 1-1-2022 to the date of fire	2,02,000
Wages and Manufacturing expenses	17,000
Stock salvaged	4,000

The rate of gross profit on cost 30%. Ascertain the fire claim amount.

P.T.O.



4. Prepare analytical table from the following details.

Minimum rent Rs. 60,000

Royalty payable Rs. 8 per ton

Short working can be recovered during the first 4 years of the lease only.

Year	Production (ton)
2017	6,000
2018	8,000
2019	10,000
2020	11,000

5. Calculate the interest included in each installments.

	Rs.
Cash price	60,000
Down payment	18,000

Three annual installments of Rs. 24,000, Rs. 18,000 and Rs. 12,000 respectively payable at the end of each year.

6. Calculate purchase consideration from the following. The purchasing company agreed to issue 30,000 equity shares of Rs. 10 each valued at Rs. 12 each, 1200, 6% debentures of Rs. 100 each at a discount of 10% and cash equal to 10% of face value of shares and debentures issued.

SECTION – C

Answer any 3 of the following. Each carries fourteen marks.

(3×14=42)

7. Kavitha Mills Ltd. , issued 10,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable Rs. 2 on application, Rs. 4 on allotment (including premium) and Rs. 2 on first, Rs. 2 on second call and the balance in final call. The shares were all subscribed and money received except the first and final call on 1000 shares.

Pass necessary Journal Entries in the books of Kavitha Ltd.



8. On 1st Jan. 2021 Suma purchased a plant costing Rs. 80,000 from ABC Ltd. under hire purchase system. The terms of amount payable is Rs. 20,000 on entering the agreement and balance in 3 equal annual instalments together with interest at 20% p.a. on the outstanding cash price of each year. Depreciation is charged at 15% p.a. on straight line method.

Show the necessary Ledger Accounts in the books of Suma under Asset Accrual Method.

9. Prestige Ltd., the patentee of a new type of gas burner issued a license on 1-4-2015 to VIP Ltd. for manufacture and sale of gas burner for five years on the following terms.

- a) To pay Royalty of Rs. 100 for every burner manufactured.
- b) To recover short workings in the next year only.
- c) To make payment on 31st March each year.
- d) The minimum rent is Rs. 55,000.

Year	Sales	Stock on 31 st March
2015 – 16	200 units	50 units
2016 – 17	400 units	100 units
2017 – 18	600 units	70 units
2018 – 19	550 units	150 units
2019 – 20	400 units	100 units

You are required to prepare Royalty A/c, Short Workings A/c, Prestige Ltd. A/c in the books of VIP Ltd.

10. Fire occurred in the premises of George on 1st Aug. 2021. A considerable part of stock was destroyed and the stock salvage was Rs. 94,800. Calculate claim amount from below data.

	Rs.
Value of insurance policy	2,40,000
Stock on 1 st April 2021	2,92,800
Purchases from 1 st April 2021 to date of fire	8,76,000



	Rs.
Sales from 1 st April to date of fire	11,64,000
Purchases during 2020 - 21	18,42,000
Sales during 2020 - 21	23,58,000
Stock on 1 st April 2020	2,22,000

Stock as on 1st April 2020 included a special item valued at Rs. 67,200, which was sold at a profit of 25% on cost. A part of this item was sold during 2020 - 21 while the balance was sold on 20th May 2021 for Rs. 30,000. Except for this item, the rate of gross profit on all other items was uniform throughout the period.

11. Ram and Prem are partners having profit sharing ratio of 2 : 1 and their Balance Sheet as on 31-3-2021 was as follows :

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Creditors	40,000	Cash in hand	300
Bills payable	10,000	Bills receivable	5,000
Ram's loan	20,000	Debtors	60,000
Ram's capital	30,000	(-) Reserve	<u>3,000</u>
Prem's capital	20,000	Stock	43,700
Reserve fund	6,000	Machinery	20,000
	1,26,000		1,26,000

They agreed to sell the business to a limited company and the company to take over the assets and liabilities as follows :

Machinery at Rs. 16,000, Stock at Rs. 35,000, Debtors at Rs. 50,700. B/R at Rs. 5,000 and Goodwill at Rs. 6,000. The company agreed to take over creditors at Rs. 38,000 and B/P at Rs. 10,000. The expenses of realisation amounted to Rs. 300. The firm received Rs. 40,000 of the purchase price in Rs. 10 fully paid equity shares and the balance in cash. Distribute the shares as per original capital ratio.

Prepare the necessary Ledger Accounts in the book of the firm.