



MS – 493

18

II Semester B.B.M. Examination, May 2016
(Semester Scheme) (Repeaters) (Prior to 2012-13)

BUSINESS MANAGEMENT

Paper – 2.4 : Financial Accounting

100 Marks – 2011-12 Batch Only

90 Marks – Prior to 2010-11

Time : 3 Hours

Max. Marks : 100/90

Instructions : 1) Answer **only in English**.

2) Sections **A, B, C** are common for **both 100/90 marks students**.

3) Section – **D** is **compulsory** for **100 marks students**.

SECTION – A

1. Answer **any 10** sub-questions from the following; **each** sub-question carries **2 marks**. **(10×2=20)**
- Name any two methods of calculation of Purchase Consideration.
 - Pass a specimen journal entry for the receipt of Purchase Consideration of Partnership Firm.
 - What is meant by Royalty ? Give an example for royalty payment.
 - What is meant by Short workings recouped ?
 - What is meant by Hire purchase ? Give an example.
 - What is meant by Down Payment ?
 - Mention any two points of distinctions between HP system and IP system.
 - When the average clause is applicable under fire insurance claims ?
 - What is Memorandum Trading Account ? Why it is prepared ?
 - Name the two methods of maintaining Capital Accounts of partners.
 - What is meant by under insurance ?
 - From the following data calculate the net claims :

Total Stock on the date of fire : Rs. 1,50,000, Actual Policy amount
Rs. 1,00,000 and actual loss of Stock – Rs. 1,05,000.

P.T.O.



SECTION – B

Answer any 5 questions from the following, each question carries 5 marks. (5×5=25)

2. Briefly explain the steps involved in the conversion of Partnership firm into a Joint Stock Company.
3. State the differences between Hire Purchase System and Installment Purchase System.
4. Mahesh and Suresh partnership business with capitals of Rs. 1,00,000 and Rs. 80,000 respectively on 1st January, 2015. They agreed to share their profits and losses in the ratio of 3 : 2. For the year ending 31st December, 2015, they earned a profit of Rs. 30,000, before allowing the following :
 - a) Interest on capital at 5% P.A.
 - b) Interest on drawings : Mahesh Rs. 1,500 and Suresh – Rs. 1,000
 - c) Partnership salary to Suresh – Rs. 12,000 P.A.
 - d) Their drawings during the year 2015 amounted to : Mahesh – Rs. 10,000 and Suresh – Rs. 8,000.

Prepare Profit and Loss Appropriation Account.

5. Calculate Purchase consideration from the following information given below by clearly mentioning the method of PC calculation. The Purchasing company has agreed to issue 10,000 Equity shares of Rs. 10 each at par, 1500, 8% Preference shares of Rs. 100 each at 10% premium, 1,500 Debentures of Rs. 50 each at 10% discount and pay cash equal to 10% of total purchase consideration.
6. Gokul Mines took a lease from a landlord for a period of 10 years from 2011 on a royalty of Rs. 5 per tonne of coal raised with a dead rent of Rs. 20,000 and power to recoup short workings during the first 4 years of the lease. The annual output was as follows :

Year	2011	2012	2013	2014	2015
Output (tonnes)	2,000	3,000	4,000	4,500	5,000

Prepare Royalty Analysis Table.



7. A large portion of the records and stock of a concern was lost due to a fire accident on 15-4-2015. Later goods worth Rs. 8,000 and some of the records were salvaged from the fire. The average gross profit ratio is 31.132%. On 31-12-2014 the stock was valued at Rs. 97,000. From 01-01-2015 to the date of fire, the purchases, sales and wages were Rs. 75,000, Rs. 1,59,000 and Rs. 30,000 respectively. Prepare the statement of claim to be submitted to the Insurance Company.
8. Calculate the amount of Interest and Cash price included in each installment from the data given below :
- Total cash price – Rs. 50,000
- Down payment – Rs. 12,500
- Three equal annual installment – Rs. 15,000 each payable at the end of each year.

SECTION – C

Answer **any 3** questions from the following. **Each** question carries **15** marks. **(3×15=45)**

9. From the following Trial Balance and other particulars of M/S Ravi and Shastri who share profits and losses in the ratio of 3 : 2. Prepare final accounts as at 31-03-2015 :

Particulars	Debit Rs.	Credit Rs.
Ravi's capital	–	6,00,000
Shastri's capital	–	4,00,000
Ravi's Drawings	60,000	–
Shastri's Drawings	40,000	–
Cash	1,000	–
Balance at bank	1,76,000	–



Motor Vehicles	1,48,000	—
Debtors and Creditors	2,96,000	2,32,000
Printing and Stationery	6,600	—
Purchases and Sales	24,00,000	31,60,000
Opening stock	2,40,000	—
Bad Debts provision	—	5,000
Bad Debts	11,400	—
Freehold premises	8,00,000	—
Repairs to premises	47,600	—
General Reserve	—	2,00,000
Shastri's Remuneration	20,000	—
Wages and salaries	2,29,000	—
Delivery Expenses	99,000	—
Administration expenses	1,31,400	—
Rates and taxes	15,000	—
Profit and Loss of last year	—	1,24,000

Adjustments :

- 1) Stock on hand on 31-03-2015 was Rs. 2,80,000.
- 2) Depreciate Motor Vehicles by Rs. 74,000 and appreciate Premises by Rs. 20,000.
- 3) Unpaid wages Rs. 1,600.
- 4) Rates paid in advance Rs. 3,000.



- 5) Provision for bad debts to be reduced to Rs. 3,700.
 - 6) Stock of Stationery on hand Rs. 2,200.
 - 7) Discount on Creditors Rs. 15,100.
 - 8) Provide Managers Commission at 3% on Net Profits after charging such Commission.
10. Akash and Sagar are partners sharing profits and losses in the ratio of 4 : 3 have decided to sell and convert their partnership in to a Rainbow Limited Company on 31-03-2016 on which date their B/S was as follows :

Liabilities	Rs.	Assets	Rs.
Loan	1,26,000	Bank	14,000
Creditors	49,000	Cash	7,000
Bills payable	14,000	Debtors	91,000
Profit and Loss A/c	35,000	B/R	42,000
Capitals :		Stock	1,47,000
Akash	3,15,000	Furniture	1,75,000
Sagar	2,80,000	Land and Buildings	3,50,000
Current Account – Akash	21,000	Current Account – Sagar	14,000
	8,40,000		8,40,000

The Rainbow Company Ltd. took over all Assets and Liabilities at the book values and paid the following as purchase consideration :

Equity shares of Rs. 2,80,000, Preference shares Rs. 2,10,000, Debentures Rs. 91,000 and Cash Rs. 91,000.

The Partners agreed to share the Equity shares and Preference shares and Debentures in their profit sharing ratio and adjust the balances in cash.

Pass the necessary journal entries in the books of Rainbow Company Limited and also prepare the B/S.



11. ZED Company Limited took a lease from a landlord on the terms that the Royalty would be paid at Rs. 800 per tonne of Ore extracted merging into a minimum rent of Rs. 2,00,000 p.a. The short working of each year has to be recouped within the next year itself. The following were the outputs during the first 4 years of the Lease : 2012 – 220 tonnes, 2013 – 240 tonnes, 2014 – 255 tonnes, 2015 – 260 tonnes.

Prepare necessary Ledger Accounts in the books of ZED Company Limited for the first 4 years.

12. Toyota Quails sold an MUV on 01-01-2013 on Hire purchase system to Mr. Harsha. The total cash price was Rs. 12,00,000 and Rs. 3,00,000 was paid as down payment and the balance was payable in 3 installments of Rs. 3,00,000 each along with interest of 10% p.a. beginning 31-12-2013

Harsha calculated depreciation @ 8% p.a. on straight-line method.

Prepare Ledger accounts in the books of Mr. Harsha, the hire purchaser.

13. A large portion of the records and stock of a trading concern was lost due to a fire accident on 15-04-2015. Later goods worth Rs. 8,000 and some records were salvaged from the fire. The following details are available from these records :

Par's/Period	2010	2011	2012	2013	2014
Sales (Rs.)	8,60,000	7,10,000	6,00,000	5,50,000	4,80,000
Gross Profit (Rs.)	2,15,000	2,13,000	2,00,000	1,87,000	1,60,000

On 31-12-2014, the Stock was valued at Rs. 97,000. From 01-01-2015 to the date of fire, purchase, sales and wages were Rs. 75,000, Rs. 1,59,000 and Rs. 30,000 respectively.

Prepare a Statement of Claim to be submitted to the Insurance Company.



SECTION – D

(This Section to be answered by 2011-12 Students Only)

(1×10=10)

14. From the following information prepare Capital Accounts of A and B Partners under fixed and fluctuating capital systems, who share profits and losses in the ratio of 2 : 1.

1) Capital introduced at the beginning of the year :

A – Rs. 2,00,000 and B – Rs. 1,20,000

2) Drawings made during the year :

A – Rs. 30,000 and B – Rs. 36,000

3) Salary to A – Rs. 6,000 p.m.

4) Interest on Capital :

A – Rs. 12,000 and B – Rs. 7,200

5) Interest on drawings : A – Rs. 2,000 and B – Rs. 3,200.

6) Profits at the end of the year after all appropriations – Rs. 42,000.
