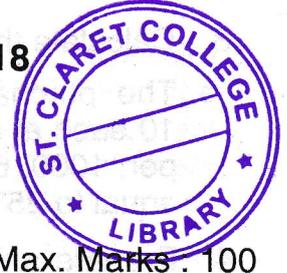




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SM – 542

II Semester B.B.M. Examination, May/June 2018
(Repeaters) (2012-13 and Onwards)
BUSINESS MANAGEMENT
Paper – 2.3 : Financial Accounting



Time : 3 Hours

Max. Marks : 100

Instruction : Answers should be written in English only.

SECTION – A

1. Answer **any eight** sub-question from the following. **Each** sub-question carries **two** marks. **(8×2=16)**
- Who is an insured ?
 - What is a salvage value ?
 - What is cash price ?
 - What is an installment ?
 - Define the term royalty.
 - What is short workings ?
 - What is a final claim ratio ?
 - Ascertain purchases when cost of goods sold is ₹ 2,00,000 opening stock : Rs. 20,000, closing stock : Rs. 50,000.
 - Mention the basis of apportionment of the following expenses in departmental accounts :
 - Rent paid
 - Labour welfare expenses.
 - How do you ascertain the purchase consideration under net asset method ?

SECTION – B

Answer **any three** of the following questions. **Each** question carries **eight** marks : **(3×8=24)**

2. On 1/4/2012 XYZ Company Ltd. took delivery from ABC Company Ltd. a machine on his purchase system. ₹ 1,500 being paid on delivery and the balance in 5 annual installments of ₹ 3,000 each payable annually on 31st March. The cash price of the machine was ₹ 15,000. Calculate interest for each year.

P.T.O.



3. Calculate the amount of purchase consideration from the following :

The purchasing company has agreed to issue 30,000 equity shares of ₹ 10 each at a premium of 10%, 1000, 8% preference shares of ₹ 100 each at par, 1000, 6% debentures of ₹ 100 each at a discount of 10% and pay cash equal to 25% of the total purchase consideration.

4. Prepare an analytical table from the following details assuming that short workings are recouped within a period of 5 years. Royalty payable ₹ 1 per ton of output. Minimum rent ₹ 60,000 p.a. Other details are :

Year	Output (Tons)
1	20,000
2	68,000
3	1,60,000
4	2,40,000
5	2,40,000

5. A fire broke out in the warehouse of X Ltd. on 31/12/17. The company desires to file a claim with the insurance company for loss of stock. From the following information prepare a statement showing the amount of claim. The loss account of company were prepared on 31/3/2017 :

Stock on 31/3/2017 Rs. 1,20,000

Sundry debtors on 31/3/2017 Rs. 3,20,000

Sundry debtors on 31/12/2017 Rs. 2,40,000

Cash received from debtors Rs. 11,52,000

Purchases from 1/4/2017 to 31/12/2017 Rs. 10,00,000

Rate of gross profit on sales 25%

SECTION - C

Answer **any four** questions. **Each** question carries **15** marks.

(4×15=60)

6. A fire accident occurred in the shop of Raj on 15/12/2017. Calculate the loss from fire and the claim to be made to the Insurance Company :

Stock on hand on 1/4/2016 Rs. 30,600

Purchases from 1/4/2016 to 31/3/2017 Rs. 1,22,000

Sales from 1/4/2016 to 31/3/2017 Rs. 1,80,000

Stock on hand on 31/3/2017 Rs. 27,000

Purchases from 1/4/2017 to 14/12/2017 Rs. 1,47,000

Sales from 1/4/2017 to 14/12/2017 Rs. 1,50,000

Raj had always valued the stocks on hand at 90% of cost price. Goods worth ₹ 18,000 had been salvaged from fire. He had taken out an insurance policy of ₹ 63,000 on the goods and this policy contained the average clause.



7. On 1/4/2014 the Samir Industries bought a machine from HMT Ltd. on hire purchase system. The cash price of the machine was ₹ 37,250 and the payment was to be made as follows : ₹ 10,000 on signing of the agreement and the balance in yearly installment of ₹10,000 each on 31st March every year. The HMT Ltd. charges interest at 5% P.A. and Samir Industries writes off 10% depreciation every year on reducing balance system.

Prepare necessary ledger account in the books of Samir Industries under Asset Accrual Method.

8. Amar Traders obtained a lease of a coal mine on 1\4\2013 on the following terms :

- a) Royalty ₹ 1 per tonne
- b) Minimum rent ₹12,000 per annum
- c) Recoupment period next 3 years subject to a maximum of ₹ 2,500 P.A.
- d) In the event of strike, the minimum rent would be token pro-rata on the basis of actual working days, but in the event of lockout, the lessee would enjoy a concession in respect of minimum rent for 50% of the period of lockout.

e) Working for the first 5 years is as follows :

Year	Actual Royalty
2013	7,000
2014	10,200
2015	19,000
2016	10,800 (strike 73 days)
2017	9,000 (lockout 4 months)

Prepare minimum Rent Account, Royalty Account, Short Working A/c and Landlord A/c in the books of Amar Traders.

9. Amina, Sitara and Naina are in partnership sharing profits and losses in the ratio of 4:3:1 respectively. On 31/3/2017 they agreed to sell their business to a Ltd. Company. The position on that date was as follows :

Liabilities		₹	Assets		₹
Capital :			Freehold property		36,000
Amina	40,000		Machinery		24,000
Sitara	30,000		Book debts		30,000
Naina	26,000		Stock		26,000
Loan from bank	8,000		Cash		4,000
Sundry creditors	16,000				
	1,20,000				1,20,000



The company took the following assets except cash at the valuation shown below :

Freehold property – ₹ 44,000, Machinery – ₹ 22,000, Book debts – ₹ 28,000, Stock – ₹ 24,000, Goodwill – ₹ 8,000.

The company also agreed to pay the creditors which was agreed at ₹ 15,400. The company paid 3,300 shares of Rs. 10 each and balance in cash. The expenses amounted ₹ 1,000.

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

10. A firm has two departments A and B. During the trading period ending 31/3/2017 the requisite figures were as follows :

Particulars	₹	Dept A	Dept B
Opening stock		5,000	7,000
Purchases		42,000	52,000
Sales		80,000	93,000
Purchase returns		2,000	2,000
Sales returns		2,000	2,000
Closing stock		6,000	8,000
Wages		5,000	6,000
Carriage inwards	4,500	—	—
Discount received	1,800	—	—
Carriage outwards	1,300	—	—
Salaries	—	10,000	13,000
General salaries	13,000	—	—
Rent rates taxes	5,000	—	—
Discount allowed	1,300	—	—
Sundry expenses	2,600	—	—

Prepare trading and P/L A/c from assuming that :

- 1) Rent, rates, taxes are pertaining to business premises which are occupied by the two department equally.
- 2) Depreciation at 10% is to be charged on machinery costing 60,000 which is used by the two departments in 2 : 1 ratio.