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GS-516



II Semester B.B.A. Examination, May/June - 2019

BUSINESS ADMINISTRATION

Paper - 2.3 : FINANCIAL ACCOUNTING

(CBCS) (F+R) (2014-15 & Onwards)

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written in English only.

SECTION-A

1. Answer **any five** of the following. Each question carries **two** marks. **5x2=10**
- (a) How do you calculate amount of fire claim if stock is destroyed partially ?
 - (b) What is down payment ?
 - (c) Give the meaning of royalty.
 - (d) How irrecoverable short-workings account is closed ?
 - (e) Write the meaning of realisation account.
 - (f) How do you calculate purchase consideration under net assets method ?
 - (g) What do you mean by issue of shares at Discount ?

SECTION-B

Answer **any three** of the following. Each question carries **six** marks. **3x6=18**

2. Briefly explain the different types of share capital.

P.T.O.



3. In the premises of a company, a fire occurred on 25th April 2018, the accounting records were saved from which the following details are available

	₹
Stock as on 1-1-2018	2,50,000
Rate of gross profit on sales	15%
Purchases from 1-1-2018 till date of fire	10,00,000
Manufacturing expenses	1,00,000
Wages	2,00,000
Sales from 1-1-2018 till date of fire	15,00,000
Carriage outwards from 1-1-2018 till date of fire	85,000
Stock salvaged	60,000

Show the fire claim amount.

4. Trisha purchased a motor cycle on hire purchase system. The total price of motor cycle payable is ₹ 18,000 as down payment and thereafter 3 annual instalments of ₹18,000 each, interest is charged at 20% p.a. Calculate cash price.
5. Prepare an analytical table of royalty from the following information
- A royalty of 50 paise per tonne of coal raised
 - A Minimum Rent of ₹ 24,000 per annum
 - Each year Short workings can be recouped in the following two years.
 - The output during 4 years were-
2015: 28,000 tons, 2016: 36,000 tons, 2017: 60,000 tons, 2018: 56,000 tons.
6. Calculate purchase consideration from the following :
- The purchasing company agreed to issue 30,000 equity shares of ₹ 10 each valued at ₹ 12 each, 1,200, 6% debentures of ₹ 100 each at a discount of 10% and cash equal to 10% of face value of shares and debentures issued.

**SECTION - C**

Answer **any three** questions. Each question carries **14** marks.

3x14=42

7. A fire occurred in the premises of a company on 15-6-2018. Calculate the **claim** to be made against the Insurance company.

	₹
Stock on hand 1-1-2017	2,97,000
Purchases from 1-1-2017 to 31-12-2017	15,89,000
Sales from 1-1-2017 to 31-12-2017	19,48,000
Salary for the year ending 31-12-2017	10,000
Stock on hand on 31-12-2017	3,27,600
Purchases from 1-1-2018 till date of fire	6,48,000
Sales from 1-1-2018 till date of fire	9,24,800
Carriage outwards from 1-1-2018 till date of fire	44,000
Value of policy	1,20,000
Stock salvaged	1,25,000

There is an average clause in the policy. It is the practice of the company to value the opening stock and the closing stock at 10% below the cost price.

8. On 1st January 2015 Sneha purchased a plant costing ₹ 80,000 from ABC Ltd under hire purchase system. The terms of amount payable is ₹ 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 Sneha under Asset Accrual Method.

9. Lakshmi Coal Company took a lease of a mine for period of 20 years at a royalty of ₹ 3 per ton. The minimum rent was fixed at ₹ 12,000 for the first year, ₹ 18,000 for the second year and ₹ 24,000 for the subsequent years. Short workings of any year could be recouped with in the following two years. The production for the first five years were as follows -

I Year: 2,000 tons, II Year: 4,500 tons, III Year: 6,000 tons, IV Year: 9,000 tons, V Year: 12,000 tons.

In the books of Lakshmi Coal Company, Prepare - (a) Minimum Rent Account (b) Royalty Account (c) Short Workings Account (d) Landlord Account



10. The Balance Sheet of P, Q and R as on 31-3-2018 was as follows.

Liabilities	₹	Assets	₹
Creditors	32,000	Cash	8,000
Loan from Bank	16,000	Stock	52,000
Capital Accounts-		Debtors	60,000
P	80,000	Machinery	48,000
Q	60,000	Freehold property	72,000
R	52,000		
	2,40,000		2,40,000

It was decided to sell the business to XYZ Co. Ltd. The company took over the following assets at the valuation given below-

Freehold property ₹ 88,000, Machinery ₹ 44,000, Debtors ₹ 56,000, Stock ₹ 48,000 and Goodwill ₹ 16,000.

The company also agreed to pay the creditors which amounts ₹ 31,000. The company issued 11,000 equity shares of ₹ 10 each and balance in cash. The realisation expenses amounts to ₹ 2,000. Partners agreed to share profits and losses equally and equity shares in the ratio of 5 : 3 : 3 respectively.

Prepare the necessary ledger accounts in the books of the firm.

11. A Limited Company issued 10,000 equity shares of ₹ 100 each at a discount of 10% payable as follows -

On Application ₹ 25

On Allotment ₹ 40

On First and Final call ₹ 25

All the shares were subscribed and the money duly received except the Final call on 900 shares.

Give the necessary journal entries to record the above transactions and also a Bank account in the books of a Limited Company.