



US – 528

II Semester B.B.A. Examination, May 2017
(CBCS) (F + R)
(2014-15 and Onwards)
Business Administration
Paper – 2.3 : FINANCIAL ACCOUNTING

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written in English only.

SECTION – A

1. Answer **any five** sub-questions. **Each** question carries **two** marks. (5×2=10)
- What is Royalty ?
 - What is forfeiture of shares ?
 - State the different parties for an insurance policy.
 - What is average clause ?
 - What is hire purchase system ?
 - What is cash price ?
 - Mention any two objectives of conversion of a firm into a joint stock company.

SECTION – B

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

2. Briefly explain different types of preference shares.
3. A fire occurred in the premises of Mr. Arun on 31-03-2016. The stock salvaged was ₹ 500. From the details given below, ascertain the claim to be lodged :
- Stock on 01-01-2016 ₹ 25,300
Purchases from 01-01-2016 till the date of fire ₹ 52,400
Manufacturing wages up to the date of fire ₹ 61,300
Sales from 01-01-2016 till the date of fire ₹ 1,56,000
During March 2016, goods costing ₹ 2,000 were distributed as free samples.
The rate of gross profit is 30% on cost.

P.T.O.



4. Calculate the value of each installment from the following details :
Cash price ₹ 12,000, Down payment 20% of cash price, balance of cash price payable in 3 equal installments with interest at 10% p.a. on the outstanding cash price.
5. Prepare royalty analysis table from the following details :
a) Minimum rent ₹ 20,000 p.a.
b) Royalty payable ₹ 5 per ton
c) Short workings are recoverable during the first four years of the lease only.
d) The output for the first four years was
2013 – 2,000 tons ; 2014 – 3,000 tons ;
2015 – 4,000 tons ; 2016 – 4,500 tons.
6. Calculate the purchase consideration from the following details :
The purchasing company has agreed to issue 30,000 equity shares of ₹ 10 each at a premium of 10%; 1,000, 8% preference shares of ₹ 100 each at par; 1,000, 6% debentures of ₹ 100 each at 10% discount and pay cash equal to 20% of total purchase consideration.

SECTION – C

Answer **any three** questions. **Each** question carries **fourteen** marks. (3×14=42)

7. Determine the amount of claim to be launched by M/S Gokuldas Garments from the following details :

The company had taken a fire insurance policy for ₹ 1,20,000 covering its stock and the policy was subject to average clause.

Particulars	2014-2015	1-04-2015 to 30-06-2015
Sales	11,43,000	6,69,500
Purchase	7,89,500	3,94,000
Wages and salaries	1,37,400	68,900
Purchase returns	27,400	9,600
Carriage inwards	27,400	9,600



Date of fire 30-06-2015

Stock on 01-04-2014	₹ 1,28,700
Stock on 31-03-2015	₹ 2,31,000
Stock salvaged	₹ 19,310

Opening stock (01-04-2014) had been valued at 10% below cost and closing stock (31-03-2015) had been valued at 10% above cost.

8. Praveen purchased a plant costing ₹ 40,000 on 01-04-2009 from Ranjan Electronics Ltd. under Hire Purchase System, the terms being ₹ 10,000 down payment and the balance in three equal annual installments together with interest at 20% p.a. on the outstanding cash price. Depreciation is to be charged at 15% p.a. under straight line method.

Prepare necessary ledger accounts in the books of Praveen under asset accrual method.

9. Bengal Coal Ltd., is engaged in working a coal mine. On January 1, 2012 it entered into an agreement with the owner of the land which provided for :

- i) A royalty of ₹ 20 per ton of coal raised
- ii) A minimum rent of ₹ 50,000 per annum.
- iii) The recovery of shortworkings within a period of first 3 years.

The output during the first 5 years was :

Year	Output (tons)
2012	2000
2013	2250
2014	3000
2015	3800
2016	5000

The amounts due to landlord in respect of each year were paid at the end of the year.

Prepare necessary Ledger Accounts in the books of Bengal Coal Ltd.



10. Ram and Sham are partners having profits sharing ratio 2 : 1 and their Balance Sheet as on 31-12-2016 was as follows :

Liabilities	₹	Assets	₹
Creditors	40,000	Cash in hand	300
Bills payable	10,000	Bills receivable	5,000
Ram's capital	30,000	Debtors	60,000
Sham's capital	15,000	– Reserves	<u>3,000</u>
Bank loan	31,000	Stock	43,700
		Machinery	20,000
	1,26,000		1,26,000

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

Machinery at ₹ 16,000 ; Stock at ₹ 35,000; Debtors at ₹ 50,700 ; Bills Receivable at ₹ 5,000 and Goodwill at ₹ 6,000. The company agreed to take over creditors at ₹ 38,000 and Bills payable at ₹ 10,000. The expenses of Realisation amounted to ₹ 300. The firm received ₹ 40,000 of the purchase price in ₹ 10 fully paid Equity shares and the balance in cash. Distribute the shares as per original capital ratio.

Prepare necessary Ledger Accounts in the books of the firm.

11. Sunshine Ltd., issued 20,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable ₹ 2 on application, ₹ 5 on allotment, ₹ 3 on first call and balance on second and final call. All the shares were subscribed and the money was duly received except one shareholder holding 100 shares on first call and two share holders holding 50 shares each on second and final call.

Pass necessary journal entries in the books of Sunshine Ltd.

Note : Allotment includes premium.