



SE – 273

II Semester B.B.A. Examination, September 2020
(CBCS) (Semester Scheme)
(2014 – 15 and Onwards) (Fresh + Repeaters)
BUSINESS ADMINISTRATION
2.3 : Financial Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any five** of the following. **Each** question carries **two** marks. (5×2=10)
- a) What do you mean by shortworkings ?
 - b) What is paid up capital ?
 - c) What is Hire Purchase Price ?
 - d) What is average clause in a fire insurance policy ?
 - e) How do you Close Realisation A/c ?
 - f) Mention any two methods of calculating purchase consideration.
 - g) Write any two differences between hire purchase and sale.

SECTION – B

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

2. Calculate the amount of purchase consideration from the following particulars :

The purchasing company agreed to issue 10,000 equity shares of ₹ 10 each at ₹ 12.50 each, 5,000 preference shares of ₹ 20 each @ premium of 25%, 2,000, 8% debentures of ₹ 100 each @ discount of 25% and 20% of purchase consideration in cash.

3. Calculate the amount of interest included in each instalment.

Cash price – ₹ 1,80,000

Down payment – ₹ 30,000

No. of instalments – 3

Amount of instalment – ₹ 60,000

P.T.O.



4. On 15th September, 2019, a fire occurred in the premises of a trader and from the available records the following information is given :

Sales from 1-1-2019 to date of fire – ₹ 6,00,000

Purchases from 1-1-2019 to date of fire – ₹ 5,00,000

Stock on 1-1-2019 – ₹ 1,20,000

Gross profit for the past five years was 30% on sales. The value of salvaged stock was ₹ 25,000.

Calculate the claim to be made.

5. Bringout the features of hire purchase system.

6. Prepare an analysis table from the following :

a) Minimum rent ₹ 20,000

b) Royalty ₹ 5 per ton

c) Shortworkings can be recovered in the first 4 years only

d) Production for the 1st four years were :

2016 – 2,000 tons; 2017 – 3,000 tons; 2018 – 4,000 tons and 2019 – 4,500 tons.

SECTION – C

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

7. On 1st April, 2016 Ajay bought a cooler from unilet, Bangalore. The cash price of the cooler is ₹ 4,47,000. The cooler was purchased under hire purchase system, the term being, ₹ 1,20,000 to be paid immediately and balance in 3 instalments of ₹ 1,20,000 each at the end of 31st March each year. 5% interest is charged by unilet. Ajay depreciates the cooler at 10% p.a. under straight line method.

Prepare necessary ledger A/cs in the books of Ajay.

8. X Ltd. is engaged in working a coal mine. On 1-1-2015 it entered into an agreement with the owner of the land which provided for :

i) A royalty of ₹ 20 p. ton of coal raised

ii) Minimum rent of ₹ 50,000 p.a.



- iii) Recovery of shortworkings in the next 3 years
iv) Output during the first 5 years was :

Year :	2015	2016	2017	2018	2019
Output (tons) :	2,000	2,250	3,000	3,800	5,000

Prepare necessary Ledger A/c in X Ltd. books.

9. On 31st May, 2019, the premises and stock of a firm were totally destroyed by fire. The books of accounts were however saved. You are able to obtain the following information. The stock on hand has always been valued at 5% below cost.

Particulars	2016	2017	2018	2019
	₹	₹	₹	₹
Opening stock as valued	22,800	30,400	36,100	39,900
Purchases less returns	91,000	1,10,000	1,20,000	41,000
Sales less returns	1,40,000	1,70,000	1,86,000	75,000
Wages	28,400	31,200	34,200	12,000
Closing stock	30,400	36,100	39,900	

Prepare a statement for submission to the insurance company in support of your claim for loss of stock.

10. A public company issued 15,000 equity shares of ₹ 100 each at par payable as follows :

On application – ₹ 25; on allotment – ₹ 40;

On first call – ₹ 20 and on final call – ₹ 15.

All the shares were subscribed and money duly received except first call on 500 shares and final call on 700 shares.

Pass journal entries and show the relevant items in the Balance Sheet of the company.



11. X and Y are partners having profit sharing ratio of 2 : 1 and their Balance Sheet as at 31-3-2019 was as follows :

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	60,000	Cash in hand	450
Bills payable	15,000	Debtors	90,000
Reserve fund	9,000	Less : RDD	4,500
A's loan	30,000		85,500
Capitals		Stock	65,550
X	45,000	Bills receivable	7,500
Y	30,000	Machinery	30,000
	75,000		
	1,89,000		1,89,000

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

Machinery – ₹ 24,000; Stock – ₹ 52,500; Debtors – ₹ 76,050, B/R – ₹ 7,500; Creditors – ₹ 57,000; B/P – ₹ 15,000 and Goodwill – ₹ 9,000.

The firm received ₹ 60,000 of the purchase price in ₹ 10 fully paid E. shares and balance in cash. Distribute the shares in profit sharing ratio.

Prepare necessary Ledger A/c in the books of the firm.