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**II Semester B.B.A. Degree Examination, September - 2021**

**FINANCIAL ACCOUNTING**

**Business Administration**

**(CBCS Scheme 2014-15)**

**Paper :2.3**

**Time : 3 Hours**

**Maximum Marks : 70**

**Instructions to Candidates:**

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

**SECTION - A**

Answer any **FIVE** of the following sub questions. Each question carries **Two** Marks.

**(5×2=10)**

1. a) Who is an Insurer?
- b) Write the Meaning of down payment.
- c) What is Royalty?
- d) State any two features of Instalment purchase system.
- e) What do you mean by sale of a firm to a Company?
- f) Give the Meaning of issue of shares at premium.
- g) What is Average Clause? Why is it included in Fire claims?

**SECTION - B**

Answer any **THREE** questions. Each question carries **Six** Marks.

**(3×6=18)**

2. On 15<sup>th</sup> September 2020, the premises and stock of a firm was destroyed by Fire but the accounting records were saved from which the following Particulars are available

Stock on 1.4.2019	73,500
Stock on 31.3.2020	81,900
Purchases for the year 2019-2020	3,98,000
Sales for the year 2019-2020	4,87,000
Purchases from 1.4.2020 to 15.9.2020	1,62,000
Sales from 1.4.2020 to 15.9.2020	2,31,200

The Stock salvaged was Rs.5300, show the amount of claim.

**[P.T.O.]**



3. On 1<sup>st</sup> April 2021, Mr. Suraj bought a Machine from HMT Ltd. On hire purchase system. The cash price was Rs.26,350 and the payment was to be Made as follows: Rs.10,000 Onsigning of the agreement and the balance in 3 yearly instalment of Rs.6,000 each 5% interest is charged by the hire vendor. Calculate the interest for each year.
4. Prepare an analysis table and short working account from the following details:
- Minimum Rent Rs.10,000 p.a.
  - Royalty Rs.1.00 per ton.
  - Short working are recoverable during the first 3 years of the lease only.
  - The output for the first 4 years was.  
2016:2000 tons ; 2017-3000 tons.  
2018- 4000 tons ; 2019-4500 tons.
5. Pass incorporation entries in the books of the company from the following.
- Particulars:
- Purchase Consideration Rs.6,00,000
- Value of Assets taken over Rs.7,00,000
- Current liabilities taken over Rs. 50,000
- Settlement of purchase Consideration:
- 80% in Equity shares of Rs.10 each and the balance in 8% Debentures of Rs.100 each.
6. Sangavi Ltd. issued 20,000 shares of Rs.10 each to the Public, Payable Rs.2 on application Rs.4 on allotment and Rs. 4 on first call. Application were received for 25,000 shares. Pass journal entries in the books of Company assuming that 5000 shares were rejected and application Money was returned.

### SECTION - C

Answer any **THREE** questions. Each question carries **14** Marks. (3×14=42)

7. Mr. Manjesh purchased a Motor car from Vishnu on 1.1.2020 on hire purchase system. The cash price of the car was Rs.1,12,000. The terms of payment was 30,000 should be paid on signing the contract and balance amount payable in 3 equal annual instalment of Rs.30,000 each. The Vendor charged interest of 5% p.a. The depreciation chargeable was 20% under written down value method. Prepare necessary ledger Accounts in the Books of Mr. Manjesh.



8. A Mining Company leased a Property from Dinesh at a royalty of Rs.10 Per ton with a minimum rent of Rs.24,000 p.a. Each years excess of minimum rent over royalty is recoverable out of royalties of next 3 years. The results of the working are as follows.

I year - 2000 tons, II year 3000 tons.

III year - 4000 tons, IV year 5600 tons.

V year - 6000 tons.

Prepare necessary ledger A/Cs in the books of the Company.

9. National Ltd. issued a prospectus offering 2,00,000 equity shares of Rs.10 each payable at par as follows. On application Rs.2, on allotment Rs.2, on first call Rs.3 and on final call Rs.3. Pass journal entries and also prepare share capital account Bank account and opening balance sheet.

10. The Balance sheet of A B and C stood as follows as on 31<sup>st</sup> March 2020.

Liabilities	Rs.	Assets	Rs.
Creditors	20,000	Cash	9,000
Bills payable	5000	Stock	26,000
Capital Accounts		Machinery	19,000
A	24,000	Furniture	10,000
B	24,000	Debtors	25000
C	14,000	(-) Reserve	2000
	<u>87000</u>		<u>87000</u>

It was decided to sell the business to PQR Co. Ltd. The Company agreeing to allot 7500 fully paid shares of Rs.10 each and Rs.1800 in cash in full satisfaction of the purchase consideration. The Company assumed all liabilities except the bills payable and took over all the assets except cash. The Expenses amounted to Rs.800 which were paid by

the firm itself. The Partners shared profit and losses in  $\frac{1}{2}$ ,  $\frac{1}{3}$ , and  $\frac{1}{6}$  respectively.

Prepare necessary ledger Accounts. Showing the final settlement among the partners.

[P.T.O.]



11. A fire occurred in the premises of a firm on 1.10.2020. From the following information calculate the claim to be made by the firm.

	£
Stock on 1.4.2019	63,000
Purchase for the year ending 31.3.20	4,17,500
Sales for the year ending 31.3.2020	5,00,000
Wages for the year ending 31.3.2020	20,000
Salary for the year ending 31.3.2020	10,000
Stock on 31.3.2020	81,000
Purchases from 1.4.2020 to date of fire	2,00,000
Sales from 1.4.2020 to date of fire	3,00,000
Stock salvaged	10,000
Value of policy	30,000

There is an average clause in the policy. The firm had the practice of valuing stock at 20% above cost price. However during 2019-2020 the policy was changed and the stock on 31.3.2020 was valued at 10% less than the cost.

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