



**II Semester B.B.A. Examination, September/October 2022
(CBCS) (2014 – 15 and Onwards Scheme) (Repeaters)
BUSINESS ADMINISTRATION
Paper – 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 **2** marks. **(5×2=10)**
- a) Give the meaning of royalty.
 - b) What is installment purchase system ?
 - c) Mention any two objectives of conversion of firm into joint company.
 - d) What is salvage ?
 - e) Expand IPO.
 - f) What is premium on issue of shares ?
 - g) Ascertain purchase when cost of goods sold is ₹ 4,00,000 opening stock is ₹ 50,000 and closing stock is ₹ 60,000.

SECTION – B

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

- 2. Explain in brief various types of preference shares.
- 3. Pass in corporation entries in the books of the company from the following particulars. Purchase consideration ₹ 12,00,000 value of sundry assets taken over ₹ 12,00,000 current liabilities taken over ₹ 75,000, settlement of purchase consideration 80% in equity shares of ₹ 10 each and the Balance in 8% debentures of ₹ 100 each.
- 4. A fire broke out in the warehouse of merchant traders Ltd. on 31st December 20 the company desire to file a claim with the insurance company for loss of stock. From the following information prepare a statement of fire claim. The last accounts of company was prepared on 31-03-2020.

Stock as on 31-03-2020 – 1,20,000

Sundry debtors on 31-03-2020 – 3,20,000

Sundry debtors 31-12-2020 – 2,40,000

Cash received from debtors – 11,52,000

Purchase from 1-4-2013 to 31-12-2013 – 10,00,000

Rate of Gross Profit on sales 25%.



5. Calculate cash price of an assets from the following.

	₹
Down payment	20,000
I year Installment	24,000
II year Installment	23,000
III year Installment	22,000
IV year Installment	21,000
Rate of Gross Profit @	10% p.a.

6. Prepare analytical table from the following details

Minimum rent ₹ 50,000

Royalty payable ₹ 7 per ton

Short working can be recovered during the first 4 years of the lease only

Year	Production (ton)
2016	5000
2017	7000
2018	9000
2019	10000

SECTION – C

Answer **any 3** of the following. **Each** carries **fourteen** marks.

(3×14=42)

7. Fire occurred in the premises of Mr. Chandan on 10th March 2019 in order to make a claim on their fire policies in respect of stock they ask your advise and you are able to obtain the following information.

Particulars	2016	2017	2018	2019
Opening stock as valued	76,000	1,14,000	1,52,000	76,000
Purchases	3,60,000	4,30,000	4,60,000	1,30,000
Sales	5,60,000	7,00,000	8,00,000	2,60,000
Wages/manufacturing expenses	1,50,400	1,91,000	1,40,000	45,000
Closing stock as valued	1,14,000	1,52,000	76,000	?

The stock salvages of ₹ 15,400 it was practice of the firm to value of the stock @ 5 to less cost. Determine the amount claim of the Co.



8. Hare Krishna purchase a plant costing ₹ 40,000 on 1-4-2020 from Lokesh Electronic Ltd. under the hire purchase system. The terms being ₹ 10,000 down payment and the balance is 3 equal annual installment together with interest @ 20% p.a. on the outstanding cash price depreciation is to be charged @ 15% p.a. on straight line method. Prepare necessary ledger account in the books of Hare Krishna under asset accrual method.
9. Ramesh wrote a book on Financial Accounting and got it published with Himalaya publishing house on the terms that royalties will be paid @ ₹ 5 per copy sold. Subject to a minimum rent of ₹ 15,000 p.a. with the light of recoupment of short working over the first four years of the royalty agreement the details are as under

Year	No. of Copies Printed	No. of Copies in Closing Stock
2015 – 16	1500	100
2016 – 17	2000	200
2017 – 18	3000	300
2018 – 19	4000	400
2019 – 20	5000	500

Prepare :

- a) Minimum rent A/c
- b) Royalty A/c
- c) Short working A/c
- d) Land lord A/c.



10. Rocket, Rani and Raja were partners in a firm sharing Profits and Losses in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. They decided to sell their firm to ABC Pvt. Ltd. on 31st March 219 their Balance Sheet as at that date was as follows :

Liabilities	₹	Assets	₹
Sundry creditors	24,000	Machinery	34,200
Capital accounts		Stock	30,000
Rocket	52,200	Debtors	30,000
Rani	24,000	Less provision	<u>3,000</u>
Raja	18,000	Cash	18,000
		Profit and Loss account	9,000
			1,18,200

ABC Pvt. Ltd. was registered on 31st March 2020 with an authorised capital of ₹ 1,50,000 (shares of ₹ 100 each) for the purpose of purchasing the partnership business. The purchase price was agreed at ₹ 98,700. The company paid the purchase price by issue of 540 fully paid shares and the balance in cash. Partners agreed to share the shares received in there final claimed ratio.

Prepare necessary Ledger Account to close the books of the firm.

11. Ms. Kaveri Company Ltd. issued 6000 shares of ₹ 100 each at a discount of ₹ 5 per share. The amount was payable as follows :

₹ 20 on application

₹ 40 on allotment

₹ 35 on the first and final call.

All the shares were subscribed and the amount were duly received. Give the Journal Entries in the books of the company.