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II Semester B.B.A. Degree Examination, September/October - 2022

Financial Accounting
BUSINESS MANAGEMENT
(CBCS Semester Scheme)

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Answer should be written only in English.

SECTION-A

Answer any 5 sub-questions. Each question carries 2 marks.

(5×2=10)

1. a. What is memorandum trading Account?
- b. What is Hire purchase?
- c. Mention any two features of instalment purchase system.
- d. What do you mean by short working?
- e. What do you mean by purchase consideration?
- f. Define a Joint stock company.
- g. State the different methods of issuing shares.

SECTION - B

Answer any **Three** questions. Each question carries **Six** marks.

(3×6=18)

2. Explain the objectives of selling of a firm to a company.

[P.T.O.]



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3. Fire occurred in the premises of Mr. Vijay on december 30, 2021. All stocks were destroyed except to the extent of Rs. 5,600. From the following details ascertain the claim to be lodged by Vijay

	Rs.
Stock on April, 1. 2021	10,600
Purchases upto december 30, 2021	60,800
Wages upto december 30, 2021	3,000
Freight upto december 30, 2021	1,000
sales upto the date of fire	80,000

The rate of gross profit is 25% on cost.

4. Prepare an analytical table from the following. Royalty Rs. 5 per ton of output. Dead rent Rs. 20,000 p.a. Power to recoup short workings during the first four years of the lease. Output during the first 5 years : 2,000; 3,000; 4,000; 4,500; 5,000 tons respectively.
5. Sai Ltd took over the business of Naresh and Mahesh who were equal Partners. The financial position of Naresh and Mahesh was as under on 31.03.2021

Liabilities	Rs.	Assets	Rs.
Naresh's capital	1,20,000	Machinery	2,25,000
Mahesh's capital	1,40,000	Furniture	75,000
General reserve	60,000	Stock	1,40,000
Sundry creditors	1,00,000	Cash	10,000
Bills payable	50,000	Debtors	60,000
Outstanding wages	40,000		
	5,10,000		5,10,000

All the Assets and liabilities were taken over at book values. Calculate the purchase consideration.

6. The Aravind Co.Ltd. issued 10,000 Equity shares of Rs. 10 each. The amount payable was Rs. 2 on application, Rs. 3 on allotment, and Rs. 5 on first and final call. All the shares were subscribed and all the moneys received except the first and final call on 200 shares. Give journal entries for issue of shares in the books of the company.



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SECTION - C

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

(3×14=42)

A Fire occurred on 01.09.2021 and destroyed the stock of a firm. The business records saved showed the following.

Particulars:

Stock at cost on 01.04.2020	Rs.	
Stock at cost on 31.03.2021		44,300
Purchases for the year ending 31.03.2021		37,550
Purchases from 01.04.2021 to 31.06.2021		1,03,850
Sales for the year ending 31.03.2021		37,350
Sales from 01.04.2021 to 31.08.2021		1,52,500
		50,000

In valuing the stock on 31.03.2021, Rs. 800 had been written off a particular line of goods which had originally cost Rs. 1,800. They were sold in June 2021 for Rs. 1,750. Except as regards this transaction, the ratio of gross profit has remained unchanged. The value of stock salvaged was Rs. 5,100.

8. Calculate the amount of claim.

A Mini Bus is purchased for Rs. 1,60,000 under the Hire purchase Agreement. 01-01-2018. The amount payable is Rs. 40,000 on 01-01-2018 on entering the agreement and the balance in three instalments of Rs. 50,000 each at the end of the year. Depreciation & charged at 10% on the written down value method.

Prepare Mini Bus account. Interest account ; and Hire vendor's Account in the books of the purchases.

9. Mr. Varun, the author of an accounting text book entered into a Royalty agreement with bangalore publishers Ltd. The terms were a royalty of Rs. 50 per copy sold to be paid, subject to a minimum of Rs. 4,00,000 p.a with the right to recover short workings during the subsequent two years from the year in which short working arises. The other details were :

Year	No. of Copies Printed	Closing stock
I	6,200	1,200
II	8,000	1,800
III	9,000	2,000
IV	10,000	1,500
V	12,000	1,000

Pass journal entries in the books of bangalore publishers Ltd.

[P.T.O.]



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Ram and prem were partners sharing profit and losses in the ratio of 2:1 and their balance sheet as on 31/12/2020 was as follows.

Liabilities	Rs.	Assets	Rs.
Creditors	40,000	Cash in hand	300
Bills payable	10,000	Bills Receivable	5,000
Ram's Loan	20,000	Debtors	60,000
Ram's capital	30,000	Less : Reserve	<u>3,000</u>
Prem's capital	20,000	Stock	43,700
Reserve fund	6,000	Machinery	20,000
	1,26,000		1,26,000

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

Machinery at Rs. 16,000, stock at Rs. 35,000, Debtors at Rs. 50,700, B/R at Rs. 5,000 and Goowill at Rs. 6,000. The company agreed to take over creditors at Rs. 38,000 and B/P at Rs. 10,000. The expenses of Realisation amounted to Rs. 300. The firm received Rs. 40,000 of the purchase price in Rs. 10 fully paid equity shares and the balance in cash distribute the shares as per original capital ratio. Prepare the necessary ledger accounts in the books of the firm.

11. The Indian company Ltd. Issued 10,000 ordinary shares of Rs. 100 each. The amount was payable as follows:

1. Rs. 10 on application.
2. Rs. 50 on allotment.
3. Rs. 40 on first and final call.

All the shares were subscribed and The amount was duly received. Pass necessary journal entries and prepare the ledger accounts to record the above.



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II Semester B.B.A. Degree Examination, August/September - 2023
BUSINESS ADMINISTRATION
Financial Accounting
(CBCS Scheme 2018 batch Repeaters)

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 2 marks.

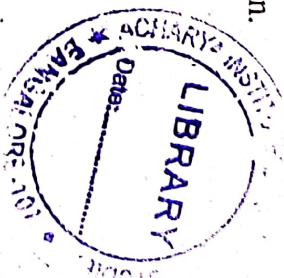
(5×2=10)

1. a. What is meant by 'Pro - rata allotment of shares'?
- b. Mention the different methods of determining purchase consideration.
- c. What is final claim Ratio?
- d. Define the term Royalty.
- e. Give the meaning of Net Cash Price.
- f. What is Salvage?
- g. What are 'Abnormal Goods' in the context of fire insurance claims?

SECTION -B

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

2. Prepare an analysis table and short working account from the following details.
 - a. Minimum Rent Rs. 10,000 p.a.
 - b. Royalty Rs. 1.00 per ton.
 - c. Short working are recoverable during the first 3 years of the lease only.
2016-2000 tons; 2017-3000 tons.
 - d. The output for the first 4 years was.
2016-4000 tons; 2019-4500 tons.



[P.T.O.]

3. On 1.4.2018, XYZ Co., Ltd took delivery from ABC Co., Ltd a machine on Hire purchase system Rs. 1,500 being paid on delivery and the balance in 5 annual installments of Rs. 3,000 each payable annually on 31st March. The cash price of the machine was Rs. 15,000. Calculate the interest for each year.
4. Draft an analysis table from the following information.
Bengal coal Ltd leased a colliery on 1st April 2019 at a minimum rent of Rs. 15,000 merging into a royalty of Rs. 1 per ton with a stipulation to recoup short workings over the first three years of the lease. The output for the first four years of the lease was 8,000, 13,000, 21,000, and 18,000 tons respectively.
5. Kiran Co., Ltd issued 10,000 E/s of Rs. 10 each and the money was payable as under :-
 - a. On application Rs.2.
 - b. On allotment Rs.3.
 - c. On first and final call Rs. 5 per share.
 9,000 shares were subscribed by the public. All the shares were allotted and the money duly received. Pass Journal Entries.
6. Calculate the purchase consideration from the following details :

The purchasing Co., has agreed to issue 8,000 E/S of Rs. 10 each at par, 500 8% preference shares of Rs. 100 each at 10% premium, 1,000 debentures of Rs. 50 each at 10% discount and pay cash equal to 10% of total purchase consideration.

SECTION - C

Answer any **Three** of the following questions. Each question carries 14 marks. (3×14=42)

7. On 1.4.2020, Tirupati Industries bought a machine from SKM machineries Ltd on Hire purchase system. The cash price of the machine was Rs. 37,250 and the payment was to be made as follows :
 - a. Rs. 10,000 on signing of the agreement.
 - b. Balance in yearly installments of Rs. 10,000 each on 31st March every year.
 - c. SKM machineries Ltd charges interest @5% p.a.
 - d. Depreciation is charged at 10% every year under reducing balance method.

Prepare necessary Ledger A/cs in the books of Tirupati industries under Asset accrual method.



8. Mr. Shukla wrote a book and got it published with Chand & Co., Ltd. on the terms that royalties will be paid @ Rs. 5 per copy sold subject to a minimum rent of Rs. 15,000 with a right to recoup short workings over the first three years of the royalty agreement. From the following details write up.

- i. Minimum Rent A/c.
- ii. Royalty A/c.
- iii. Mr. Shukla's A/c.

Year	No. of copies Printed	Closing Stock
2018-19	2,000	100
2019-20	3,000	200
2020-21	4,000	400
2021-22	5,000	500

9. Rakesh Co., Ltd issued for public subscription 20,000 shares of Rs. 10 each at a premium of Rs. 2 payable as follows :

- a. on application Rs. 2 per share.
- b. on allotment Rs. 5 per share.
- c. on first call Rs. 2 per share.
- d. on second and final call Rs. 3 per share.

Applications were received for 30,000 shares. 20,000 shares were allotted and excess application money received is returned. The company made all the calls and the money due were duly received except the final call on 1,000 shares. These shares were forfeited and later re-issued as fully paid at Rs. 8 per share.

Pass journal entries and also show how share capital appears in the balance sheet.

10. A, B and C were the partners in a firm sharing profits and losses in the ratio of 5:3:2 on 31.3.2021. They agreed to sell their business to a limited co., on that date their position was as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals		Buildings	90,000
A	60,000	Machinery	15,000
B	36,000	Stock	25,000
C	30,000	Debtors	35,000
Loan from bank	10,000	Cash	1,000
Creditors	30,000		
	<u>1,66,000</u>		<u>1,66,000</u>

[P.T.O.]



The company agreed to take over the following assets at the values shown against them:

Buildings Rs. 1,00,000, Machinery Rs. 10,000, Stock Rs. 26,000, Debtors Rs. 32,000, Goodwill Rs. 20,000.

The Co., also took over the creditors at Rs. 28,000 The Co., paid the purchase consideration by allotment of 10,000 shares of Rs. 10 each and the balance in cash. The realisation expenses amounted to Rs. 5,000.

Show the necessary ledger A/cs in the books of the firm.

11.

The premises of merchantile Traders caught fire on 1.10.2020 and their stock was damaged. The stock was fully insured. The concern has made accounts upto 31st March of every year. The following information is available.

Stock on 31.3.2020 Rs. 1,32,720.

Stock on 31.3.2019 Rs. 96,140

Purchases from 1.4.2020 upto the date of fire Rs. 3,48,270.

Purchases upto 31.3.2020 Rs. 4,52,580.

Sales upto 31.3.2020 Rs. 5,20,000.

Sales from 1.4.2020 upto the date of fire Rs.4,91,700.

Further Information :

- a. In August 2020, goods costing Rs. 10,000 were given away for advertising purposes, but no entry being made in the books.
- b. During 2020-21, a cheque had misappropriated unrecorded cash sales of Rs. 4,000.
- c. The rate of gross profit if constant over the years.
- d. The stock salvage value was Rs. 13,000.
- e. The expenses incurred to extinguish fire Rs. 800.

From the above information, prepare a statemen showing the claim for loss of stock.