



II Semester B.B.A. Examination, May/June 2018  
(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** questions. Each question carries **two** marks. (5×2=10)
- What is meant by fire claims ?
  - State any two objectives of sale of a firm to a company.
  - Who is a hirer ?
  - What do you mean by Royalty ?
  - What is Pro-Rata allotment of shares ?
  - Give the meaning of under insurance.
  - What is down payment ?

## SECTION – B

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

2. Briefly explain difference between equity shares and preference shares.
3. In the premises of Mr. Guru a fire occurred on 15<sup>th</sup> June 2017, the accounting records were saved from which the following procedure available :

	Rs.
Stock on 1-1-2017	17,000
Purchases from 1-1-2017 till date of fire	1,70,000
Sales from 1-1-2017 to the date of fire	2,00,000
Wages and manufacturing expenses	17,000
Stock salvaged	4,000
The rate of gross profit on cost 30%	
Ascertain the fire claim amount.	



4. Calculate the interest included in each installments :

	Rs.
Cash price	60,000
Down payment	18,000

Three annual installments of Rs. 24,000, Rs. 18,000 and Rs. 12,000 respectively payable at the end of each year.

5. Calculate the purchase consideration from the following details :

The purchasing company agreed to issue 15000 equity shares of Rs. 10 each valued at Rs. 12 each; 6000, 6% debentures of Rs. 10 each at a discount of 5%; pay cash equal to 10% of the face value of shares and debentures issued.

The company also agreed to meet dissolution expenses Rs. 5,000.

6. Prepare an analytical table of royalties from the following details :

- Minimum rent Rs. 10,000 p.a.
- Royalty Rs. 1.00 per ton of coal raised.
- Short workings are recoverable during the first 3 years of lease only.
- The output for first 4 years was

2014 : 2000 tons	2015 : 5000 tons
2016 : 15000 tons	2017 : 20000 tons.

### SECTION - C

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

7. A fire occurred the premises of company on 1-7-2017 from the following information, calculate the claim to be made against the company.

	Rs.
Stock on 1-1-2016	63,000
Purchases for the year ending 31-12-2016	4,00,000
Sales for the year ending 31-12-2016	5,00,000
Wages for the year ending 31-12-2016	18,000
Manufacturing expenses for the year ending 31-12-2016	2,000
Salary for the year ending 31-12-2016	10,000
Stock on 31-12-2016	81,000
Purchase from 1-1-17 to date of fire	2,00,000
Sales from 1-1-17 to date of fire	3,00,000





Stock salvaged	10,000
Value of policy	30,000

There is an average clause in the policy. It is the practice of the company to value the stock at 10% less than the cost.

8. On 1<sup>st</sup> January 2017, Anil Oil company purchased an Oil Machinery on the hire purchase system. The cash price of the machine was Rs. 2,23,500 and payment was to be made as follows : Rs. 60,000 was to be made on the signing of the agreement and the balance in three quarterly installment of Rs. 60,000; 20% p.a. interest is charged by the vendor company; Anil Oil company has decided to write off 10% p.a. as depreciation on the Diminishing balance of the cash price.

Prepare necessary Ledger A/c in the books of Anil Oil company under Asset Accrual Method.

9. Kolar Coal Ltd., took a lease from a landlord for a period of 25 years from 1-1-2013 on royalty of Rs. 2 per ton of coal raised with a minimum rent of Rs. 20,000 and power to recoup short workings during the first four years of the lease. The annual output was as follows :

Year	Tons
2013	5000
2014	8000
2015	10000
2016	15000
2017	20000

Prepare necessary ledger accounts in the books of Kolar Coal Ltd.

10. P, Q and R were in partnership sharing profit and losses in the ratio of 4 : 3 : 1 respectively. On 31<sup>st</sup> March 2017 they agreed to sell their business to a limited company. Their position on that date was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	16,000	Land and Building	36,000
Loan from bank	8,000	Furniture	24,000
Capital A/c		Debtors	30,000
P	40,000	Stock	26,000
Q	30,000	Cash	4,000
R	26,000		
	<b>1,20,000</b>		<b>1,20,000</b>



The company took the following assets at the valuation shown below :

	Rs.
Land and Building	44,000
Furniture	22,000
Debtors	28,000
Stock	24,000
Goodwill	8,000

The company also agreed to pay creditors which were agreed at Rs. 15,400. The company paid 3300 shares of Rs. 10 each and the balance in cash. The expenses amounted Rs. 1,000. Prepare the necessary ledger accounts in the books of the firm.

11. Suguna Mills Ltd., issued 10000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable Rs. 2 on application, Rs. 4 on allotment (including premium) and Rs. 2 on first, ₹ 2 on second call and the balance in final call. The shares were all subscribed and money received except the first and final call on 1000 shares.

Pass necessary Journal entries in the books of Suguna Ltd.

Assets		Liabilities	
Land and Building	44,000	Capital	1,00,000
Furniture	22,000	Reserves	1,00,000
Debtors	28,000	Provision for Creditors	15,400
Stock	24,000	Share Capital	1,00,000
Goodwill	8,000	Share Premium	20,000
	1,26,000	Share Application	20,000
		Share Allotment	40,000
		Share First Call	20,000
		Share Second Call	20,000
		Share Final Call	20,000
		Share Expenses	1,000
		Share Balance	1,00,000
		Share Balance	1,00,000