



SA – 796

II Semester B.B.A. Examination, April/May 2015
(Semester Scheme) (CBCS) (Fresh) (2014-15 and Onwards)

BUSINESS ADMINISTRATION

Paper – 2.3 : Financial Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer **any five** sub questions. **Each** question carries **two** marks. **(5×2=10)**

1. a) What is Salvage ?
b) Who is an Hire Vendor ?
c) State the ways to recoup the short workings ?
d) Why is dead rent clause included in Royalty agreement ?
e) Why is 'Realisation Account' prepared in the sale of a firm ?
f) Mention the different methods for calculating purchase consideration.
g) Expand IPO.

SECTION – B

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

2. Explain in brief the various types of preference shares.
3. Pass incorporation entries in the books of the company from the following particulars.

Purchase consideration Rs. 12,00,000

Value of Sundry Asset taken over Rs. 14,00,000

Current liabilities taken over Rs. 1,00,000

Settlement of purchase consideration :

80% in equity shares of Rs. 10 each and the balance in 8% debentures of Rs. 100 each.

P.T.O.



4. Fire occurred in the premises of Ms. Kavitha on 30th November 2014. All stocks were destroyed except to the extent of Rs. 5,600/- from the following details. Ascertain the claims to be lodged by Ms. Kavitha.

	Rs.
Sundry creditors on 31 st December 2013	50,000
Sundry creditors on 30 th November 2014	40,000
Stock on 30 th November 2014	30,000
Sales from 1 st Jan. 2014 to 30 th Nov. 2014	2,68,000
Payments made to creditors	2,60,000
Normal rate of gross profit on sales was 20%.	

5. Calculate the cash price of an asset from the following :

Down payment	=	Rs. 15,000/-
I year Installment	=	Rs. 19,000/-
II year Installment	=	Rs. 18,000/-
III year Installment	=	Rs. 17,000/-
IV year Installment	=	Rs. 16,000/-
Rate of interest at 10% p.a.		

6. Prepare analytical table from the following details :

- Minimum Rent Rs. 40,000 p.a.
- Royalty payable Rs. 5 per ton
- Short workings can be recovered during the first 4 years of the lease only.

2011 : 4,000 tons	2012 : 6,000 tons
2013 : 8,000 tons	2014 : 9,000 tons

SECTION - C

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

7. The Premises of Ragini were destroyed by fire on 30-4-2014 from the books and other records that were saved the following information available.

The stock on hand has always been valued at 10% less than cost.

Particulars	2012	2013	2014	2015
Opening stock as valued	27,000	32,000	36,000	38,000
Purchases less returns	74,000	80,000	81,000	6,000
Sales less returns	1,20,000	1,32,000	1,40,000	12,000
Wages	17,000	19,000	20,000	2,000
Closing stock as valued	32,000	36,000	38,000	-

Stock salvage is Rs. 1,500/-

Determine the amount of claim to be recovered from Insurance Co.



8. On 1st April 2014 Mahesh purchased a machine from Anand Enterprise on hire purchase basis. The particulars are as follows :
- i) Cash price Rs. 2,00,000
 - ii) Rs. 80,000 to be paid on signing the contract
 - iii) Balance in three installment of Rs. 40,000 plus interest
 - iv) Interest charged on outstanding balance @5%.
 - v) Depreciation at 10% p.a. on written down value method.

Prepare necessary Ledger A/c in the books of Mr. Mahesh under Asset accrual method.

9. Charan Mining Company took a lease from a landlord for a period of 10 years from 1st April 2010 on a royalty of Rs. 5 per ton of coal raised with a dead rent of Rs. 40,000 and power to recoup short working during the first four years of the lease.

The annual output was as follows :

Year	Output (Tons)
2010-2011	4,000
2011-2012	6,000
2012-2013	8,000
2013-2014	9,000
2014-2015	10,000

Prepare :

- a) Royalties Account
- b) Short working Account
- c) Minimum Rent Account
- d) Landlord Account in the books of Charan Mining Company Ltd.



10. Amar, Akbar and Anthony are in partnership sharing profits and losses in the ratio of 4 : 3 : 1 respectively on 31-3-2014. They agreed to sell their business to a limited company. The position on that date was as follows :

Liabilities	Rs.	Assets	Rs.
Capital		Freehold property	18,000
Amar	20,000	Machinery	12,000
Akbar	15,000	Book debts	15,000
Anthony	13,000	Stock	13,000
Loan from Bank	4,000	Cash	2,000
Sundry creditors	8,000		
	60,000		60,000

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

Freehold property	Rs. 22,000
Machinery	Rs. 11,000
Book debts	Rs. 14,000
Stock	Rs. 12,000
Goodwill	Rs. 4,000

The company also agreed to pay the creditors which was agreed at Rs. 7,700/-. The company paid 1,650 shares of Rs. 10 each fully paid and the balance in cash. The expenses amounted to Rs. 500.

Prepare the necessary ledger account in the books of the firm.

11. Mahadev Company Ltd., registered with a nominal capital of Rs. 2,50,000 in shares at Rs. 100 each : 1,500 of which were issued payable as to Rs. 12.50 on application, Rs. 12.50 on allotment, Rs. 25 three months after allotment and the balance to be called up as and when required. All the money upto allotment were duly received by as regards the call of Rs. 25, a shareholder holding 100 shares did not pay the amount due. Another shareholder who was allotted 150 shares paid them up in full.

Pass journal entries and prepare Balance Sheet.