



US - 548

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II Semester B.B.M. Examination, May 2017  
(Repeaters) (2012-13 and Onwards)  
**BUSINESS MANAGEMENT**  
Paper – 2.3 : Financial Accounting



Time : 3 Hours

Max. Marks : 100

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

## SECTION – A

1. Answer **any eight** sub-question from the following. **Each** sub-question carries **two** marks. (8×2=16)
- Mention two objectives of Departmental Accounts.
  - Amount of Policy ₹ 1,71,000, Total value of stock ₹ 2,28,000, Loss of Stock by fire ₹ 2,00,000. Calculate amount of fire claim.
  - What are abnormal items ? How are they treated in ascertaining the amount of claim ?
  - Mention the basis of apportionment of the following expenses in departmental accounts.
    - Rent paid
    - Labour welfare expenses.
  - Who is hire vendor ?
  - Can a seller seize the goods under the instalment system ? Give reasons.
  - How irrecoverable short workings account is closed ?
  - What is Dead Rent ?
  - Why do you prepare realisation account in the sale of a firm to a company ?
  - Write the journal entry to close the realisation account with debit balance.

## SECTION – B

Answer **any three** of the following questions. **Each** question carries **eight** marks.

(3×8=24)

2. A fire occurred on 21-4-2016 in the premises of Akshaya Co. Ltd., and stock destroyed. The following available information is given to you to compute the fire claim.
- Opening stock on 1-1-2016 was ₹ 11,000  
Purchases upto 21-4-2016 was ₹ 45,000  
Sales upto 21-4-2016 was ₹ 60,000.
- The stock on hand was always valued at cost or market price whichever was less. However the closing stock on 31-12-2015 was valued at market price, which was 10% above cost. The percentage of profit usually obtained was 15% on sales. The salvaged stock ₹ 400. Calculate the claim.

P.T.O.



3. Calculate the amount of interest from the following :  
 Cash price ₹ 3,20,000  
 Down payment ₹ 80,000  
 Three instalments of ₹ 1,00,000 each payable at the end of the each year.
4. Prepare an analytical table from the following details assuming that short workings are recouped in the first three years. Royalty payable ₹ 2 per ton of output. Minimum Rent ₹ 35,000 p.a.  
 Other details are :

Year	Output (tons)
2013	10,000
2014	17,500
2015	25,000
2016	30,000

5. Ravi and Kumar agrees to sell the business to a Limited Company and the company to take over the assets and liabilities as follows :

	₹
Machinery	1,86,000
Debtors	90,550
B/R	15,000
Stock	1,05,000
Land and Buildings	2,32,450
Goodwill	16,000

The company agreed to take over creditors at ₹ 1,06,000, Bank loan ₹ 1,00,000, B/P at ₹ 32,000. The company paid the purchase consideration by allotment of 2,500 shares of ₹ 100 each, 800, 9% Preference Shares of ₹ 100 each and the balance in cash. Calculate the purchase consideration payable and also pass incorporation entries in the books of purchasing company.

### SECTION – C

Answer question No. 10 and any 3 of the remaining questions. Each question carries 15 marks. (4×15=60)

6. A firm has two departments A and B. During the trading period ending 31-3-2015 the requisite figures were as follows :

	Dept. A	Dept. B	Total
Opening Stock	5,000	7,000	12,000
Purchases	42,000	52,000	94,000
Sales	80,000	93,000	1,73,000



Purchase returns	2,000	2,000	4,000
Sales returns	2,000	2,000	4,000
Closing Stock	6,000	8,000	14,000
Wages	5,000	6,000	11,000
Carriage inwards	—	—	4,500
Discount received	—	—	1,800
Carriage outwards	—	—	1,300
Salaries	10,000	13,000	23,000
General salaries	—	—	13,000
Rent and rates	—	—	5,000
Discount allowed	—	—	1,300
Sundry expenses	—	—	2,600

Prepare Trading and Profit and Loss Account in tabular form by assuming :

- Rent and rates are pertaining to business premises which are occupied by the two departments equally.
  - Depreciation at 10% is to be charged on plant and machinery costing ₹ 60,000 which is used by the two departments in 2 : 1 ratio.
7. The premises and stock of Himalaya stores were totally destroyed by fire on 30<sup>th</sup> Jan. 2016. From the accounts books and other records that were saved, the following information is available. The stock on hand has always been valued at 10% less than cost.

	2013	2014	2015	2016
Opening stock as valued	2,709	3,240	3,600	3,690
Purchases less returns	7,490	8,000	8,100	600
Sales less returns	12,000	13,000	14,000	1,200
Wages	1,740	1,900	2,090	200
Closing stock as valued	3,240	3,600	3,690	—

Prepare a statement of submission to the insurance company in support of the claim of loss of stock.

8. Mr. Ganesh purchased a motor van from Abhilash on 1-1-2016 on hire purchase system. The cash price of the van was ₹ 1,12,000. The terms of payment was that ₹ 30,000 should be paid on signing the contract and balance amount payable in 3 annual equal instalments of ₹ 30,000 each. The vendor charged interest of 5% p.a. The depreciation chargeable was 20% under written down value method. Prepare the Motor Van A/c, Abhilash's A/c, Interest A/c and Depreciation A/c in the books of (Mr. Ganesh) hire purchaser.



9. Jai mining company is engaged in working of Coal mine. On 1<sup>st</sup> Jan. 2012 it entered into an agreement with the owner of the land which provided for :
- A Royalty of ₹ 20 per ton of coal raised.
  - A minimum rent of ₹ 50,000 p.a.
  - The recovery of short workings within a period of first 3 years.

The output during first 5 years was :

Years	Output (tons)
2012	2,000
2013	2,250
2014	3,000
2015	3,800
2016	5,000

The amount due to landlord in respect of each year were paid at the end of the year. Journalise the transactions in the books of the Jai Mining Company.

10. Following is the balance sheet of A and B who were sharing profits and losses in 2:1 ratio.

**Balance Sheet as on 31-12-2016 was**

Liabilities	₹	Assets	₹
Capita : A	1,40,000	Fixed assets	1,40,000
B	1,00,000	Stock	70,000
B's loan	60,000	Debtors	1,30,000
Creditors	90,000	Cash at bank	50,000
	<b>3,90,000</b>		<b>3,90,000</b>

The fixed assets including 2 motor cars having book values of ₹ 16,000 and ₹ 12,000 which were taken over by A and B at agreed value of ₹ 24,000 and ₹ 16,000 respectively. They sold the fixed assets (other than motor cars) and stock to Sundar Company at an agreed price ₹ 3,20,000. The company agreed to pay cash of ₹ 1,12,000 and issue 800 preference shares of ₹ 80 each and 1,800 equity shares of ₹ 100 each at a market value of ₹ 80 each. The debtors realised ₹ 1,22,000 and creditors were paid at ₹ 85,000 in full settlement. Preference shares were used to pay B towards his loan and the balance of preference shares were given to A in part payment of his dues. Equity shares were allotted to A and B in the ratio of 5:4.

Show necessary Ledger Accounts in the books of the firm.