



GS-536

II Semester B.B.M. Examination, May/June - 2019

BUSINESS MANAGEMENT

Financial Accounting

(Repeaters) (2012-13 & onwards)

Time : 3 Hours

Max. Marks : 100

Instruction : Answers should be written in English only.

SECTION - A

1. Answer **any eight** sub-questions from the following. Each sub-question carries **two** marks. **8x2=16**
- (a) Who is an Insurer ?
 - (b) What is Salvage ?
 - (c) What is Hire Purchase System ?
 - (d) State any two features of Hire Purchase System.
 - (e) What do you mean by Short-workings ?
 - (f) What is meant by recoupment of Short-workings ?
 - (g) What do you mean by sale of a Firm to a Company ?
 - (h) State any four objectives of conversion of a Firm into a Company.
 - (i) Give the meaning of departmental undertaking.
 - (j) Mention the basis of apportionment of the following expenses in departmental accounts.
 - (i) Lighting Expenses
 - (ii) Rent and Rates

SECTION - B

Answer **any three** of the following questions. Each question carries **eight** marks. **3x8=24**

2. State the differences between Hire purchase system and Installment system of purchase.
3. A Fire occurred in the premises of a chemical godown on 15/10/2018. From the following details calculate the loss from fire and the amount to be claimed from the Insurance Company.

	₹
Stock on 01/04/2018	4,00,000
Purchases from 01/04/2018 to 15/10/2018	10,00,000
Manufacturing wages upto the date of fire	5,00,000
Sales from 01/04/2018 to 15/10/2018	20,00,000
Goods salvaged	1,50,000
Gross Profit Ratio was 20% on sales.	

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4. Amar purchased a Motor-car on Hire purchase system on 01/04/2015, cash price being ₹ 2,00,000. The terms being ₹ 20,000 to be paid as down payment and the balance in three equal installments of ₹ 60,000 each along with interest at 8% p.a. on the outstanding cash price.
Calculate the interest and installment for each year.

5. Prepare a Royalty Analysis table from the following details, assuming that short workings are to be recovered during the first three years of lease period.

Minimum Rent - 35,000 p.a.

Royalty payable - ₹ 2 per Ton of output.

Output during the first four years was as under

Year	Output (in Tons)
2015	10,000
2016	17,500
2017	25,000
2018	30,000

SECTION - C

Answer **any four** questions. Each question carries **15** marks.

4x15=60

6. Calculate the purchase consideration from the following details and prepare ledger accounts in the books of the partnership Firm.

The purchasing Company has agreed to issue

- (a) 8,000 Equity shares of ₹ 10 each at par.
- (b) 12,000, 8% preference shares of ₹ 10 each at a premium of ₹ 2 per share.
- (c) 10,000, 12% debentures of ₹ 10 each at a discount of 5% per debenture.
- (d) Pay cash of ₹ 10,000

Balance Sheet as on 31/03/2019

Liabilities	Amount	Assets	Amount
Capitals		Buildings	1,50,000
Asha	1,80,000	Machinery	1,00,000
Usha	1,20,000	Furniture	40,000
Mortgage loan	60,000	Stock	60,000
Creditors	40,000	Debtors	30,000
		Cash	20,000
	4,00,000		4,00,000

Asha and Usha were sharing profits and losses in the ratio of 3 : 2. The purchasing Company took over the assets and external liabilities at book values. Realization expenses of ₹ 4,000 was paid by the partnership Firm.



7. Determine the amount of claim to be lodged by M/S Furniture world from the following details. The Company had taken a fire insurance policy for ₹ 1,20,000 covering its stock and the policy was subject to average clause.

Particulars	2014 - 2015	1/04/15 - 30/06/15
	₹	₹
Sales	11,43,000	6,69,500
Purchases	7,89,500	3,94,000
Wages	1,37,400	68,900
Purchase Returns	27,400	9,600
Carriage inwards	27,400	9,600
Date of Fire - 30/06/2015		
Stock on 01/04/2014 - 1,43,000		
Stock on 31/03/2015 - 2,10,000		

8. On 01/04/2016, Rakesh and Company purchased a machinery on Hire purchase system. The terms of the agreement was as follows :

- (a) Cash price of the machinery was ₹ 20,000.
- (b) Down payment of ₹ 8,000 were to be paid on signing the agreement.
- (c) Balance was to be paid in three annual installments of ₹ 4,000 each.
- (d) Interest was chargeable at 12% p.a. on the outstanding balance.
- (e) Depreciation is charged at 20% p.a. under straight line method.

Prepare : (i) Hire Vendor's Account

(ii) Machinery Account

(iii) Interest Account and

(iv) Depreciation Account for three years in the books of Mr. Rakesh. <https://www.onlinebu.com>

9. Jeeva Coal Company Ltd. took lease of a mine on a royalty of ₹ 1 per ton of coal raised. The minimum Rent being ₹ 60,000 p.a. with the right to recover short-workings within the first three years of the lease.

The output for the first Five years was as follows

Year	2015	2016	2017	2018	2019
Output (in Tons)	20,000	68,000	1,60,000	2,40,000	3,00,000

Prepare : (i) Minimum Rent A/C

(ii) Royalty A/C

(iii) Landlord's A/C

(iv) Short-workings a/c in the books of Jeeva Coal Co.

Note : Books of Account are closed on 31/03 every year.

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10. A departmental store has 3 departments D, E, and F. The following information relates to the departments for the year ended 31/03/2018. Calculate the profits of each department.

Particulars	Department D	Department E	Department F
Opening stock	78,000	91,000	39,000
Purchases	60,000	80,000	60,000
Sales	1,50,000	1,00,000	1,00,000
Direct Expenses	20,000	30,000	20,000
Closing stock	1,00,000	2,00,000	50,000

Total indirect expenses of the organisation for the above period was ₹ 17,000.
Indirect expenses vary with sales.

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