

ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)

II SEMESTER BBA EXAMINATIONS - APRIL 2019

FINANCIAL ACCOUNTING

Duration: 2.5 Hours

Max. Marks: 70

SECTION - A

I) Answer any TEN of the following questions. (10x3=30)

1. Define Financial Accounting.
2. Who is an Insurer?
3. Mr. Raj is the partner who withdraws Rs.1000 regularly on the 1st day of every month. If the interest is charged at 5%. Calculate Interest on Drawings.
4. What is Cash Price?
5. What is Partnership deed?
6. What do you mean by amalgamation?
7. Amount of Insurance policy is Rs 50000. Stock in hand on the date of fire is Rs 70,000. Of this, the stock destroyed is estimated to be Rs 35,000. Calculate the claim amount.
8. Pass the Journal entry for Rs 10,000 down payment made towards the hire purchase of Machinery.
9. Why do you prepare Realization account in the sale of a firm to a company?
10. What are abnormal goods in the context of fire insurance claim?
11. Show the Depreciation amount @ 10% for 3 years under diminishing balance method the truck worth Rs 56,000.
12. Mention any three direct and indirect expenses.

SECTION - B

II) Answer any FOUR of the following questions. (4x5=20)

13. Differentiate between Hire Purchase and Installment Purchase.
14. Aresh, Ramesh and Mahesh are partners sharing ratio as 5:3:2. Their capitals are Rs 50,000, Rs 30,000 and Rs 20,000 respectively.
Interest on capital is 12% p.a
Interest on drawings 10% p.a
R's salary Rs 750 p.m
Drawings is Rs 8000, Rs 7000 and Rs 5000 respectively
The profit of the company is Rs 39,000
Prepare Profit and Loss Appropriation A/C.
15. Calculate the cash price of an asset sold under Installment system from the following details.
Down payment = Rs 6,000. I half yearly installment = Rs 14,400, II half yearly installment = Rs 13,300, III half yearly installment = Rs 12,200, IV half yearly installment = Rs 12,100. Rate of Interest is 10% p.a.

16. Calculate the amount of Interest and principal included in each installment: Cash price = 1,00,000, Down payment Rs 25,000, Three installments of Rs 30,000 each payable at the end of each year.
17. ABC company takes over all the assets and liabilities of a partnership firm. Land and building Rs 45,000, Stock Rs 20,000, Bills Receivables Rs 16,000, Plant and Machinery Rs 20,000, Debtors 23,000 and Current liabilities Rs 28,000. The value of Goodwill is fixed at 28,800. Purchase consideration settled by issue of 10,000 equity shares of Rs 10 each and the balance in cash. Calculate Purchase Consideration and its discharge.
18. What is Purchase Consideration? Explain the different methods of Calculating it.

SECTION - C

III) Answer any TWO of the following questions.

(2x10=20)

19. On 1st April, 2011 Mr. Arjun purchased a washing machine from Gruha Enterprises on hire purchase basis. The cash price of the machine was Rs. 25,000 payable Rs 5,000 on signing the agreement and the balance in 4 annual installments of Rs 5,000 plus interest at 5% p.a. payable on 31st December each year. Mr. Arjun writes off depreciation at 10% on diminishing value of the machine. Show the necessary ledger accounts in the books of Mr. Arjun under Accrual Method.
20. What is the need for amalgamation and explain its accounting treatment.
21. A fire accident occurred in the shop of Mahadevappa on 15.12.2014. Calculate the loss from fire and claim to be made to the insurance company.

Particulars	Amount
Stock on hand on 1.4.2013	30,600
Purchases from 1.4.2013 to 31.3.2014	1,22,000
Sales from 1.4.2013 to 31.3.2014	1,80,000
Stock on hand on 31.3.2014	27,000
Purchases from 1.4.2014 to 14.12.2014	1,47,000
Sales from 1.4.2014 to 14.12.2014	1,50,000

Mahadevappa had always valued the stocks on hand at 90% of cost price. Goods worth Rs 18,000 had been salvaged from fire. He had taken out an Insurance policy of Rs 63,000 on the goods and this policy contained the Average Clause.

22. The balance sheet of A, B and C stood as follows on 31st March 2014

Liabilities	Amt	Assets	Amt
Creditors	20,000	Cash	9,000
Bills payable	5,000	Stock	26,000
Capital		Machinery	19,000
A	24,000	Furniture	10,000
B	24,000	Debtors 25000	23000
C	14,000	(-) Reserve 2000	
	87,000		87,000

It was decided to sell the business to PQR Co Ltd. The company agreeing to allot Rs 7,500 fully paid shares of Rs 10 each and Rs 1,800 in cash in full satisfaction of the purchase consideration. The company assumed all liabilities except the Bills payable and took over all assests except cash. The expenses amounted to Rs 800 which were paid by the firm itself. The partners shared profits and losses in $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively.

Prepare the necessary ledger accounts showing the final settlement among the partners.