

**ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)**  
**II SEMESTER BBA EXAMINATIONS APRIL 2018**

**FINANCIAL ACCOUNTING**

**Duration: 2.5 Hours**

**Max. Marks: 70**

**SECTION - A**

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

1. State any four contents of partnership deed.
2. Mention any three limitations of partnership.
3. What is profit and loss appropriation account?
4. When is average clause applied? Give the formula for calculation of claim under average clause.
5. Give the meaning of hire purchase system.
6. State the ways in which purchase consideration can be discharged.
7. Can a seller seize the asset under installment system? Why?
8. Why is realization account prepared in sale of a firm?
9. What is instalment system of selling?
10. Give the meaning of cash down price and hire purchase price.
11. State any three reasons for amalgamation of firms.
12. State any three objectives of conversion of partnership into a limited company.

**SECTION - B**

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

13. Bring out the differences between hire purchase and instalment purchase.
14. Calculate the purchase consideration from the following details: The purchasing company has agreed to issue 8000 equity shares of Rs 10 each at par, 500 preference shares of Rs 100 each at 10% premium, 1000 debentures of Rs 50 each at 10% discount and pay cash equal to 10% of total purchase consideration.
15. Ashwini, Rashmi and Sneha were partners in a firm sharing profits and losses in the ratio of 5:3:2 with capitals of Rs.50,000, Rs.30,000 and Rs.20,000 respectively. According to the partnership deed they are entitled to the following.
  - a) Interest on drawings to be charged @ 15% p.a.
  - b) Interest on capital is to be allowed @ 12% p.a.
  - c) Rashmi is to be allowed a salary of Rs.750 per month which is not withdrawn during the year.
  - d) Drawings made by the partners during the year amounted to Rs.8,000, Rs.7,000 and Rs.5,000 respectively.

Interest on drawings amounted to Rs.800, Rs.700 and Rs.500 respectively. The profit for the year before making the above adjustments was

Rs.39,000. Prepare profit and loss appropriation account.

16. Pass incorporation entries in the books of the company from the following particulars.

Purchase consideration Rs.15,00,000

Value of Sundry Assets taken over Rs.18,00,000

Current Liabilities taken over Rs. 2,00,000

Purchase consideration is settled 75% in equity shares of Rs.10 each and the balance 12% debentures of Rs. 100 each.

17. A fire occurred on 30-03-2015 in the premises of a company. From the following details ascertain the amount of claim to be lodged in the case of stock which was insured. Stock on 01-01-2015 Rs.1,25,000, Purchases from 01-01-2015 to the date of fire Rs. 5,00,000, wages Rs.1,00,000, Manufacturing expenses Rs.50,000, Sales from 01-01-2015 to the date of fire Rs. 7,50,000.

Rate of gross profit ratio is 15%. The stock salvaged was estimated at Rs.37,500.

18. Kishore purchases a motor cycle on hire purchase system. The total price of motor cycle payable is Rs.8,000 as down payment and thereafter the instalments of Rs.12,000, Rs.10,000 and Rs. 4,000 payable at the end of first, second and third year respectively. Interest is charged at 5% p.a.

**Calculate the cash price.**

### SECTION - C

**III) Answer any TWO of the following questions.**

**(2x10=20)**

19. Ram and Laxman are partners in a firm sharing profits & losses equally with capitals of Rs. 80,000 and Rs. 60,000 respectively as on 01/04/2015. They earned a profit of Rs. 48,500/- for the year ended 31/03/2016 before allowing:

- Interest on capitals at 10% p.a.
- Interest on drawings to be charged at 12% p.a.
- Ram is entitled to a monthly salary of Rs. 1,000.
- Laxman is entitled to an annual commission of Rs. 5,000

Drawings during the year amounted to Rs. 12,000 and Rs. 8,000 respectively.

Interest on drawings were, Ram Rs. 900, Laxman Rs. 600.

Prepare Profit & Loss Appropriation A/c and partners' capital A/cs.

20. Harshitha Traders have taken a fire policy of Rs 4,80,000 covering its stock in trade. A fire occurs on 31.8.2016 and stock was destroyed with the exception of the value of Rs 1,24,080.

The following particulars are available from the books of A/c of the firm: -

	Amount (Rs)
Stock on 31-3-2016	1,80,000

Purchase from 01-04-2016 to the date of fire	7,80,000
Sales to the date of fire	5,40,000
Carriage inwards	24,000
Commission paid purchases	2%
Average gross profit on cost	50%

The policy was subject to average clause. You are required to calculate

\* Total loss of stock

\* Amount of claim to be made against the insurance co.,

\* Loss suffered due to under insurance.

21. On 1<sup>st</sup> April 2014 Mahesh purchased Machinery from Deepak Enterprises on hire purchase system. 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 instalment of Rs.40,000 each plus interest.
- iv) Interest charged on outstanding balance at 5%.
- v) Depreciation at 10% p.a on written down value method.

Prepare Machinery A/c & Deepak Enterprises A/c in the books of Mr. Mahesh under Asset Accrual Method

22. A and B are the partner sharing profits in the ratio of 2:1

Balance sheet on 31.12.1997 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	20,000	Cash in hand	150
Bills Payable	5,000	Bills Receivable	2,500
A's Loan	10,000	Debtors	
		30,000	
Capitals : A	15,000	Less: Reserve	28,500
		1,500	
B	10,000	Stock	21,850
Reserve Fund	3,000	Machinery	10,000
	<b>63,000</b>		<b>63,000</b>

They agree to sell the business to Ltd. company and the co. to take over the assets and liabilities as follows:

Machinery at Rs.8,000, Stock at Rs.17,500, Debtors at Rs.25,350, B/R at Rs.2,500 and Goodwill at Rs.3,000. The company agreed to take over creditors at Rs.19,500. The expenses of realization amounted to Rs.150. The firm received Rs.20,000 of the purchase price in Rs.10 fully paid equity shares and the balance in cash.

**Prepare necessary ledger accounts in the books of the firm.**

