SE – 514

II Semester B.B.A. Examination, June/July 2026
(SEP 2024 – 25) (Repeaters)
BUSINESS ADMINISTRATION
BBA 2.1 : Financial Accounting

Time : 3 Hours Max. Marks : 80

***Instruction** : Should be answered **only** in **English**.*

SECTION – A

Answer **any seven** sub-questions. **Each** sub-question carries **2** marks. **(7×2=14)**

1. a) State any two objectives of Accounting Standards.
   b) What is departmental accounting ?
   c) Mention any two objectives of branch accounting.
   d) What is salvage ?
   e) Give the meaning of five insurance claim.
   f) What is Memorandum Trading Account ?
   g) What do you mean by discounting of bills ?
   h) Expand : GAAP, IFRS.
   i) When do you prepare General P and L a/c in departmental accounts.
   j) What is an Average Clause ? When is it applicable ?

SECTION – B

Answer **any three** questions. **Each** carries **8** marks. **(3×8=24)**

2. What is accounting standard ? Explain its importance.

3. From the following particulars of M/S Niharika Enterprises. Prepare departmental Trading Account.

	₹
Stock on 1st January :	
Dept. A	5,000
Dept. B	7,000

P.T.O.

Purchases during the year :	
Dept. A	60,000
Dept. B	50,000
Sales during the year :	
Dept. A	80,000
Dept. B	75,000
Wages	31,000
Carriage inwards	15,500
Power	7,750

Apportion the expenses in proportion to the turnover of each department.

4. Calculate the Branch profit (Dependent Branch) from the following information.

Particular	₹
Branch furniture	80,000
Branch stock	12,00,000
Transactions during the year :	
Goods sent to the branch	24,00,000
Cheques sent for branch expenses	1,00,000
Goods returned by the Branch	20,000
Remittance by the Branch	27,70,000
Closing Balances :	
Branch furniture	70,000
Branch stock	13,00,000

5. Fire occurred in the premises of Mr. Arjun on September 30, 2025. All stocks were destroyed except to the extent of ₹ 5,600. From the following details ascertain the claim to be lodged by Mr. Arjun.

	₹
Stock on 1st April 2025	10,600
Purchases upto 30th September 2025	60,800
Wages upto 30th September 2025	3,000
Freight upto 30th September 2025	1,000
Sales upto the date of fire	80,000

The rate of gross profit is 25% on cost.

6. Srikanth accepted a bill for ₹ 1,000 unable to meet the same at the due date, he request the drawer, Srihari to cancel original bill and draw a new one for two months which is agreed by Srihari. Show the journal entries in the books of Srihari and Srikanth if ₹ 250 is paid and the new bill is for ₹ 800.

SECTION – C

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

7. From the following particulars prepare the departmental trading and profit and loss account for the year ending 31-3-2025 and the Balance Sheet as on that date.

Particular	**Dr. (₹)**	**Cr. (₹)**
Plant	43,700	–
Purchases :		
Department A	19,574	–
Department B	14,846	–
Wages :		
Department A	3,846	–
Department B	1,946	–
Insurance (25% prepaid)	368	–

Cars and Motors	7,500	–
Sundry expenses	2,850	–
Discount	515	–
Sales :		
Department A	–	53,000
Department B	–	26,500
Bills payable	–	340
Opening stock :		
Department A	7,261	–
Department B	6,947	–
Vehicle expenses	360	–
Sundry debtors	22,030	–
Sundry creditors	–	6,620
Bad debts	720	–
Postage	846	–
Carriage	1,500	–
Salaries	7,500	–
Capital Account	–	60,000
Provision for doubtful debts	–	720
Furniture	1,055	–
Stationery	3,216	–
Cash in hand	600	–
Total	**1,47,180**	**1,47,180**

Additional information :

a) Apportion the expenses between the departments in their respective turnovers.

b) Depreciation on Plant and Cars and Motors at 10% each.

c) Stock on 31-3-2025 was Dept. A : ₹ 9,432 and Dept. B : ₹ 7,846.

8. XYZ Ltd. with its Head Office in Bengaluru has a Branch at Mysore. Goods are supplied to the Branch at cost. The expenses of the Branch are paid from Bengaluru and the Branch keeps a sales ledger and debtors ledger only. From the following information supplied by the Branch, prepare Branch Account and Branch Debtors Account in the Books of Head Office.

		₹
Stock at Branch on 1-4-2025		16,700
Goods sent to Branch during the year		48,600
Total sales at Branch		78,300
Cash sales		19,300
Cash received from debtors		54,400
Petty cash at Branch on 1-4-2025		220
Goods returned by the Branch		5,900
Cash sent to Branch for Expenses :		
Salary	13,200	
Petty cash	2,600	
Rent	3,200	19,000
Stock at Branch on 31-3-2026		20,800
Petty cash at Branch on 31-3-2026		200
Debtors at Branch on 31-3-2026		18,300

9. On 30th September 2025, the stock of Armstrong Ltd. was lost in fire accident. From the records saved, the following information is available, with which you are asked to prepare a statement of claim to be logged with the insurance company.

	₹
Stock at cost 1-4-2024	37,500
Stock at cost 31-3-2025	52,000

Purchase less returns for the year 2024 – 25	2,53,750
Sales less returns for the year 2024 – 25	3,15,000
Purchases less returns upto 30-9-2025	1,45,000
Sales less returns upto 30-9-2025	1,84,050

In valuing stock on 31-3-2025, due to obsolescence 50% of the value of stock which originally cost ₹ 6,000 had been written-off. In May, 2025, three fourth of stock had been sold at 90% of the original cost and it is expected now that the balance of absolute stock would also realise the same amount subject to the above, gross profit remained uniform throughout.

Stock salvaged was ₹ 7,200.

10. R owned ₹ 1,000 to S. On 1st October, 2020 R accepted a bill drawn by S for the amount at 3 months. S got the bill discounted with his bank for ₹ 900 on 3rd October 2020. Before the due date, R approached S for renewal of the bill. S agreed on the conditions that ₹ 500 be paid immediately together with interest on the remaining amount at 12% p.a. for three months and for the balance, R should accept a new bill at 3 months. These arrangements were carried out. But afterwards, R became insolvent and 40% of the amount could be recovered from his estate.

Pass journal entries in the books of S.

11. a) The Huge Bazaar Departmental stores has 3 departments D, E and F. The following information relates to the departments for the year ended 31st March, 2025. Calculate the departmental net profits.

Particular	**Dept. D**	**Dept. E**	**Dept. F**
	₹	₹	₹
Opening stock	78,000	91,000	39,000
Purchases	91,000	97,500	61,100

Direct expenses	26,260	18,850	9,230
Closing stock	1,01,660	1,16,350	46,930

The total indirect expenses of the organisation for the above period was ₹ 18,200. The indirect expenses vary with sales.

b) A fire broke out in the shop of Mr. Water on 15-10-2025. Calculate the loss from fire and the claim to be logged with the General Insurance Company.

	₹
Stock on 1-4-2024	3,06,000
Purchases for 2024 – 25	12,20,000
Sales for 2024 – 25	18,00,000
Stock on 31-3-2025	2,70,000

Purchases from 1-4-2025 to the date of fire ₹ 14,70,000.

Sales from 1-4-2025 to the date of fire ₹ 15,00,000.

Mr. Water always used value of stock on hand at 90% of cost price. Goods salvaged ₹ 1,80,000. The fire policy value was ₹ 6,30,000 subject to average clause.
