

**II Semester B.B.A. Examination, September/October 2022
(NEP) (2021 – 22 and Onwards)**

BUSINESS ADMINISTRATION

Paper – 2.1 : Financial Accounting and Reporting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written in English Only.

SECTION – A

1. Answer any 6 of the following sub questions. Each sub question carries 2 marks. (6x2=12)
- What are the bases for distributing the following expenses in the departmental accounting ?
 - Rent paid
 - Carriage inwards.
 - State any two countries adopted IFRS.
 - What do you mean by loading ?
 - Mention any two features of installment purchase system.
 - What is average clause ? Why it is included in fire claims ?
 - What do you mean by accounting standards ?
 - What is Foreign branch ?
 - Who is insurer ?

SECTION – B

Answer any three of the following questions. Each question carries 4 marks. (3x4=12)

- List out any eight IFRS issued by IASB.
- Distribute the following expenses to the departments of a business on an appropriate basis :
 - Advertisement expenses ₹ 25,000
 - Rent ₹ 12,000
 - Electric/lighting charges ₹ 7,000
 - Salaries paid ₹ 2,00,000
 - Depreciation ₹ 9,000



The following information is available regarding departments :

Particulars	Departments		
	A	B	C
Sales in (₹)	10,00,000	10,00,000	5,00,000
Floor area in sq.mts.	600	400	200
No. of light points	10	15	10
No. of employees	9	6	5
Value of assets in (₹)	5,00,000	2,00,000	2,00,000

4. From the following figures relating to Bangalore Branch opened in 2021, prepare branch account for the year 2021 and 2022.

Particulars	2021 (₹)	2022 (₹)
Goods sent to branch	3,000	4,200
Cash sales	1,200	1,920
Credit sales	2,160	3,000
Cash received from debtors	1,920	2,400
Discount allowed	30	90
Bad debts	30	60
Cash sent to branch for expenses	420	600
Stock on 31 st December	480	840
Petty cash on 31 st December	10	12

5. Calculate the cash price of an asset and interest from the following details :

Down payment	₹ 6,000
1 st half yearly installment	14,400
2 nd half yearly installment	13,300
3 rd half yearly installment	12,200
4 th half yearly installment	12,100

Rate of interest is 20% p.a.

6. A fire broke out in the premises of a merchant on 30-9-2021. He desires to file a claim with the fire insurance company for loss of stock and gives the following information from which you are required to prepare a statement of claim.

Final account of the merchant was prepared on 31-12-2020.

Sundry creditors on 31-12-2020 were ₹ 25,000.

Sundry creditors on 30-9-2021 were ₹ 20,000.

Cash paid to creditors ₹ 1,30,000.

Stock on 31-12-2020 was ₹ 15,000.

Sales from 1-1-2021 to 30-9-2021 was ₹ 1,34,000.

Normal rate of gross profit on sales was 20% and salvage was ₹ 2,800.

SECTION – C

Answer any three of the following questions. Each question carries 12 marks. (3×12=36)

7. Explain briefly the need and importance of implementing IFRS.
8. From the following balances, prepare departmental trading and P/L A/c of Shagavan traders for the year ended 31-3-2021.

Particulars	Department		Total (₹)
	A (₹)	B (₹)	
Opening stock	22,000	19,800	—
Purchases	1,45,000	2,34,000	—
Sales	1,93,200	2,89,800	—
Wages	6,000	8,000	—
Rent	—	—	12,000
Salaries	—	—	42,000
Other expenses	—	—	8,000

Additional information :

- 1) Goods were transferred at cost by Department A to Department B ₹ 2,400, by Department B to Department A ₹ 2,000.
 - 2) Services rendered by B Department to A Department included in wages of B Department ₹ 800.
 - 3) Stock at close : Department A ₹ 18,000; Department B ₹ 24,000.
 - 4) Apportion rent in the ratio of 3 : 2 and salaries equally.
 - 5) Other expenses on the basis of turnover (excluding transfer) between A and B.
9. The Kolar H.O. usually sends goods to its K.G.F. Branch at cost price plus 25%. Further whenever required the branch purchases goods independently. From the following particulars, prepare K.G.F. branch account in the books of H.O.

Particulars	₹
Petty cash balance on 1-4-2021	4,000
Petty cash balance on 31-3-2022	4,000
Stock on hand on 1-4-2021 :	
Goods received from H.O.	12,800
Goods purchased from outside	3,200
Goods sent to branch	1,36,000



Cash sales	26,000
Credit Sales	2,38,000
Credit purchases	30,400
Collection from debtors	2,24,400
Debtors as on 1-4-2021	16,400
Debtors as on 31-3-2022	22,400
Office expenses (cash sent from H.O.)	60,000
Stock on Hand on 31-3-2022 :	
Goods received from H.O.	12,000
Goods purchased from outside	4,000
Amount paid to creditors (out of collection made)	29,600
Creditors as on 1-4-2021	1,600
Creditors as on 31-3-2022	2,400

10. Prakash purchased a machinery for ₹ 2,40,000 on 1-4-2021 from Nandi Co. Ltd. under hire purchase system. The terms were ₹ 60,000 paid as down payment and balance in 3 equal installments together with interest at 20% p.a. on the outstanding cash price. Depreciation is to be charged at 15% p.a. under diminishing balance method. Prepare the necessary ledger accounts in the books of Prakash under asset accrual method.

11. A fire occurred on 1st October 2021 and destroyed the stock of a firm, the business records were saved and the following particulars are available :

Particulars	₹
Stock at cost on 1-4-2020	44,300
Stock at cost on 31-3-2021	37,550
Purchases for the year upto 31-3-2021	1,03,850
Sales for the year 31-3-2021	1,52,500
Purchases from 1-4-2021 to 30-9-2021	37,350
Sales from 1-4-2021 to 30-9-2021	59,000

In valuing the stock on 31-3-2021, ₹ 800 had been written off a particular line of goods which had originally cost ₹ 1,800 and which were sold in June 2021 for ₹ 1,750. Except this transaction the rate of Gross Profit had remained uniform throughout. The value of stock salvaged from the fire was ₹ 5,105. You are required to calculate the amount of claim.