

**II Semester B.B.A. Examination, Aug./Sept. 2023
(NEP Scheme)**

BUSINESS ADMINISTRATION

2.1 : Financial Accounting and Reporting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written in English only.

SECTION – A

Answer any 6 of the following sub-questions. Each sub-question carries 2 marks. (6×2=12)

1. a) Expand : i) GAAP ii) IASB.
- b) What is fire insurance ?
- c) Mention any two features of hire purchase.
- d) How do you allocate these expenses to departments :
 - i) Carriage inward
 - ii) Carriage outward.
- e) From the following information find out the gross profit ratio :
Sales ₹ 6,00,000 and gross profit ₹ 1,35,000.
- f) State any two benefits of branch accounting.
- g) What is hire purchase price ?
- h) What are departmental accounts ?

SECTION – B

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

2. Explain in brief the features of IFRS.
3. Balu Traders have taken a fire policy coverings its stock. A fire occurs on 30-6-2023 and stock was destroyed.

Following particulars are available

Stock on 1-4-2023	₹ 1,80,000
Purchases to the date of fire	7,80,000
Sales to the date of fire	5,40,000
Carriage inwards	24,000
Rate of G.P on sales	1/3
Salvage value	30,000

Calculate actual amount of loss.

4. Popular sales international has two departments A and B. From the following information prepare departmental profit and loss account.

Particulars	Total	Dept. A	Dept. B
Gross profit (₹)	18,90,000	10,50,000	8,40,000
Salaries (₹)	2,00,000	-	-
Rent and Rates (₹)	1,02,000	-	-
Depreciation (₹)	1,20,000	-	-
No. of employees	100	60	40
Floor area (SQ. ft.)	1,200	800	400
Value of assets (₹)	6,00,000	4,50,000	1,50,000

5. Following particulars relate to Tumkuru branch for the year ending 31-3-2023.

Balances at branch as on 1-4-2022 :

Stock at cost ₹ 60,000

Petty cash ₹ 1,000

Goods sent to branch ₹ 8,00,000 (at cost)

Cash sent to branch :

Salaries ₹ 40,000

Rent ₹ 10,000

Petty cash ₹ 4,000

Remittances from branch ₹ 9,85,000

Balances at branch as on 31-3-2023 :

Stock at cost ₹ 1,00,000

Petty cash ₹ 1,600

Prepare branch account in the book of Head Office.

6. On 1st April 2021 Mr. Siddalingappa Poojary purchases a machine under hire purchase system. The details are

Cash price ₹ 5,30,000

Down payment ₹ 1,30,000

Installment amount ₹ 2,60,000 at the end of first year and ₹ 2,30,000 at the end of second year. Interest is charged at 15% p.a.

Find out the amount of interest included in each installment.

SECTION – C

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

7. Explain the challenges and benefits of IFRS convergence.
8. Determine the amount of claim to be lodged by Benki Birugali Company from the following details .

The Company had taken a fire insurance policy of ₹ 1,20,000 covering its stock and the policy was subject to average clause.

	1-4-2022 to 31-3-2023 (₹)	1-4-2023 to 30-6-2023 (₹)
Sales	11,43,000	6,90,500
Purchases	7,89,500	3,94,000
Wages	1,37,400	68,900
Sales returns	54,500	15,800
Purchase returns	27,400	9,600
Carriage inwards	27,400	9,600

Date of fire 30-6-2023 :

Stock on 1-4-2022 ₹ 1,28,700

Stock on 31-3-2023 ₹ 1,89,000

Stock salvaged ₹ 19,310

Stock have been valued at 10% less than cost.

9. From the following balances extracted from Chanda Prachanda stores, prepare departmental trading and P&L A/c in the columnar from the year ended 31-3-2023.

Particulars	Debit (₹)	Credit (₹)
Stock 1-4-2023 :		
Dept. A	1,20,000	—
Dept. B	90,000	—
Purchases and sales :		
Dept. A	1,60,000	3,00,000
Dept. B	1,40,000	2,80,000
Carriage inward :		
Dept. A	4,000	—
Dept. B	2,000	—
Machinery	36,000	—
Salaries	60,000	—
Rent	12,000	—
Repairs to machinery	30,000	—
Debtors and creditors	45,000	60,000
Capital	—	1,60,000
Cash in hand	12,000	—
B/R and B/P	15,000	6,000
Drawings	20,000	—
Buildings	60,000	—
	8,06,000	8,06,000

**Adjustments :**

- i) Stock on 31-3-2023 Dept. A ₹ 1,40,000; Dept. B ₹ 1,20,000
- ii) Salaries to be divided in the ratio of 7:3
- iii) Value of machinery Dept. A ₹ 20,000; Dept. B ₹ 16,000
- iv) Depreciation : Machinery at 10%, Building at 5%
- v) Area occupied : Dept. A $\frac{3}{5}$; Dept. B $\frac{2}{5}$.

10. Dr. Madesh purchased a machinery from Manoj Machinery Ltd. on 1-1-2019 on hire purchase system. The payment is to be made as follows : ₹ 50,000 paid as down payment,

₹ 3,70,000 at the end of 2019

₹ 3,40,000 at the end of 2020

₹ 3,10,000 at the end of 2021

₹ 2,80,000 at the end of 2022

The cash price of the machinery ₹ 10,50,000 rate of interest is 12% p.a. Dr. Madesh charged depreciation on machinery at 25% p.a. on diminishing balance.

You are required to prepare necessary ledger accounts in the books of Dr. Madesh.

11. Following particulars relate to Dharwad branch for the year ending 31-3-2023. The goods are sent to branch at cost plus 25%.

Balances at branch as on 1-4-2022

Stock at invoice price ₹ 1,20,000

Debtors ₹ 2,40,000

Petty cash ₹ 2,000

O/S Rent ₹ 2,000

Goods sent to branch at invoice price ₹ 20,00,000.

Cash sent to branch for :

Salaries ₹ 80,000

Rent ₹ 22,000

Petty cash ₹ 5,000

Remittances from branch :

On cash sales ₹ 4,85,000

On collection from debtors ₹ 16,00,000

Balances at branch on 31-3-2023

Stock at invoice price ₹ 2,00,000

Debtors ₹ 3,60,000

Petty cash ₹ 2,800

O/S rent ₹ 2,200

Prepare Dharwad Branch Account in the books of Tumkuru Head Office.