



NP – 298

11
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 covering 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 | $\frac{1}{3}$ |
| Salvage value | 30,000 |

Calculate actual amount of loss.

P.T.O.



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 (₹) | 16,90,000 | 10,50,000 | 6,40,000 |
| 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.