



SE - 226



II Semester B.B.A. Examination, June/July 2025
(SEP)

BUSINESS ADMINISTRATION

BBA 2.1 : Financial Accounting

Time : 3 Hours

Max. Marks : 80

Instruction : Answers should be written only in English.

SECTION – A

Answer any seven sub-questions. Each sub-question carries 2 marks : (7x2=14)

1. a) What is accounting standards ?
- b) What is departmental accounting ?
- c) Give the meaning of branch accounting.
- d) Give the meaning of under insurance.
- e) What is salvage ?
- f) What is memorandum trading account ?
- g) Give the meaning of bills of exchange.
- h) What is Hundis ?
- i) What is promissory note ?
- j) State any four advantages of accounting standards.

P.T.O.



SECTION – B

Answer any **three** questions. **Each** question carries **8** marks :

(3×8=24)

2. Write differences between a bill of exchange and promissory note.

3. A firm has two departments X and Y. Department Y (which was a manufacturing department) received goods from department X as its raw materials. Department X supplied the said goods to Y at cost price. From the following particulars, you are required to prepare a departmental trading and profit and loss A/c for the year ended 31st March 2025.

Particulars	Dep. X (₹)	Dep. Y (₹)
Opening stock as on 1-04-2024	2,50,000	75,000
Purchases (from outside suppliers)	10,00,000	20,000
Sales (to outside customers)	12,00,000	3,00,000
Closing stock as on 31-03-2025	1,50,000	50,000

Following information is to be taken into account

- i) Depreciation of Building is to be provided at 20% p.a. The value of Building occupied by the both the departments was ₹ 1,05,000 (Department X occupying $\frac{2}{3}$ portion and department Y occupying the rest)
- ii) Goods transferred from department X to department Y ₹ 2,50,000 at cost.
- iii) Manufacturing expenses (of department Y) amounted to ₹ 10,000.
- iv) Selling expenses amounted to ₹ 15,000 (to be apportioned on the basis of sales of respective departments)

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

Particulars	Amount (₹)
Opening Balance :	
Branch Furniture	40,000
Branch stock	6,00,000



Transaction during the year :

Goods sent to the branch	12,00,000
Cheques sent for Branch expenses	50,000
Goods return by the branch	20,000
Remittances by the Branch	13,85,000

Closing Balances :

Branch furniture	35,000
Branch stock	6,50,000

5. On 16th January 2025 a fire occurred in the premises of a company, from the following particulars ascertain the amount of claim to be lodged in case of stock which was insured.

Stock on 1st January, 2025 ₹ 4,00,000

Purchases from 1st January, 2025 to date of fire ₹ 6,50,000 wages ₹ 1,50,000

Manufacturing expenses ₹ 80,000

Sales from 1st January, 2025 to date of fire ₹ 11,00,000

The gross profit ratio is 25%. The stock salvaged was valued at ₹ 39,500.

6. Rajeev accepted a bill for ₹ 500 unable to meet the same at the due date, he requests the drawer, Rajesh to cancel original bill and draw a new one for two months which is agreed by Rajesh. Show the journal entries in the books of Rajesh and Rajeev if ₹ 125 is paid and the new bill is for ₹ 400.



SECTION – C

Answer any three questions. Each question carries 14 marks :

$$(3 \times 14 = 42)$$

7. From the following Trial Balance prepare departmental trading and profit and loss account for the year ended 31/03/2025 and a balance sheet as on that date in the books of Volvo Ltd.

Particulars	Dr(₹)	Cr(₹)
Stock as on 1-1-2024	5,400	
Dep. A		
Dep. B	4,900	
Purchase Dep. A	9,800	
Dep. B	7,350	
Sales Dep. A	—	16,900
Dep. B	—	13,520
Wages Dep. A	1,340	—
Dep. B	240	—
Discount received	—	133
Capital	—	9,530
Sundry creditors	—	3,737
Rent	1,870	—
Salaries	1,320	—
Lighting and heating	420	—
Discount allowed	441	—
Advertising	738	—
Carriage inwards	469	—
Furniture and fittings	600	—
Plant and machinery	4,200	—
Sundry debtors	1,820	—
Drawings	900	—
Cash in hand	32	—
Cash at Bank	1,980	—
Total	43,820	43,820



The following information is also provided :

- a) Rent, lighting and heating, salaries and depreciation are to be apportioned in the ratio of 2 : 1.
- b) Other expenses and incomes are to be apportioned to departments A and B on suitable basis.
- c) The following adjustments are to be made :

Rent prepaid ₹ 370 ; lighting and heating outstanding ₹ 180 : Depreciation on furniture and fittings and plant and machinery @ 10% p.a.

- d) The stocks at 31/03/2025 :

Department A ₹ 2,748

Department B ₹ 2,401

8. A H. O. in Chennai has a branch in Delhi to which goods are invoiced by the H. O. at cost plus 25%. Prepare Branch account in the books of H.O.

Stock as on Jan. 1st 2025 (at invoice price) ₹ 62,500.

Debtors as on 1/1/2025 ₹ 60,000

Goods supplied by Head office (at invoice price) ₹ 2,00,000

Cash sales ₹ 80,000

Cash received from customers ₹ 1,47,500

Goods returned to H. O. ₹ 12,000

Cheques received from Head Office

Salaries ₹ 70,000

Sundry Ex. ₹ 2,550

Stock on 31/12/2025 (at invoice price) ₹ 75,000

Debtors on 31/12/2025 ₹ 1,12,500

Liability for petty expenses ₹ 550.



9. Fire occurred in the premises of Gharib Dass on 1st April, 2024 and a considerable part of the stock was destroyed. The stock salvaged was ₹ 56,000. A fire insurance policy for ₹ 3,42,000 was taken to cover loss of stock by fire. You are required to ascertain the insurance claim which the company for the loss of stock by the fire from the following particulars :

Purchases for the year 2023 ₹ 18,76,000

Sales for the year 2023 ₹ 23,20,000

Purchase from 1st Jan. 2024 to 1st April, 2024 ₹ 3,64,000

Sales from 1st Jan. 2024 to 1st April, 2024 ₹ 4,80,000

Stock on January 1st 2023 ₹ 2,88,000

Stock on 31st December, 2023 ₹ 4,84,000

Wages paid during the year 2023 ₹ 2,00,000

Wages paid during 1st January, 2024 to 1st April, 2024, ₹ 36,000

Fire also broke out on 21st December 2023 and destroyed stock of the estimated cost of ₹ 1,00,000.

There was a practice in the concern to value stock at cost less 10%, but all of a sudden this practice was changed and stock on 31st December, 2023 was valued at cost plus 10%.

10. Ajay sold goods of the value of ₹ 2,000 to Bhaskar taking a bill at three months dated 1st October, 2023. On 1st October, Ajay discounted the bill at 10% p.a. with his bankers. A maturity, the bill was returned by the bankers dishonoured with ₹ 25 expenses. Bhaskar paid ₹ 500 and expenses of ₹ 25 and gave Ajay another bill at three months for ₹ 1,500 and interest at 10% p.a.

Before maturity Bhaskar had become bankrupt and at maturity his creditors were paid at 50 paise in the rupee.

Make the Journal entries for recording the above transactions in the books of Ajay.



11. Answer the following questions :

a) Following balances as at 31-12-2024 were ascertained.

Particulars	Dep. A (₹)	Dep. B (₹)	Dep. C (₹)
Opening stock	10,000	6,000	15,000
Purchase	1,00,000	60,000	20,000
Sales	96,000	62,000	19,000
Closing stock	23,000	8,000	6,000

Following information for 2024 is now made available to you

Salaries and commission ₹ 11,020, Rent and rates ₹ 2,900,
Insurance ₹ 1,160 and Miscellaneous expenses ₹ 2,610.

All these expenses are chargeable to each department in proportion to the cost of the articles sold in the respective departments.

b) A fire occurred on the premises of a merchant on 10th October 2024 and considerable part of the stock was destroyed. The value of the stock saved was ₹ 10,800.

The books disclosed that on 1st April, 2024 the stock was valued at ₹ 69,950, the purchases to the date of fire amounted to ₹ 2,00,000 and sales to ₹ 3,84,000. Goods costing ₹ 2,000 were taken for personal use and goods sold for ₹ 4,500 were returned to the merchant. On investigation it is found that during the past five years the average gross profit on the cost was 20%.

You are required to prepare statement showing the amount the merchant should claim from the insurance company in respect of stock destroyed by fire.