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END SEMESTER EXAMINATION – APRIL/MAY 2026

BUSINESS ADMINISTRATION – II SEMESTER BBA

25BBA23A: FINANCIAL ACCOUNTING

Time: 3 Hours **Max. Marks: 80**

Instruction: *Answer should be written completely in English*

SECTION – A

1.Answer any **SEVEN** questions. Each question carries **TWO** marks. **(7X2=14)**

a) Meaning of Royalty.
b) Give any two differences between Indian Accounting Standards (Ind AS) and IFRS.
c) What is Short Working?
d) What is meant by recoupment within the life time of the lease?
e) What is Hire Purchase Price?
f) What is the concept of digital credit systems?
g) State any two features of Fire Insurance.
h) Define Fire Insurance.
i) Write any two demerits of the Single-Entry System.
j) What is EMI?

SECTION – B

Answer any **THREE** questions. Each question carries **EIGHT** marks. **(3X8=24)**

2. Discuss the opportunities and challenges on IFRS convergence into Ind AS?
3. X owned certain patent rights. He granted a license to Y to use such rights on royalty basis, the following are the relevant particulars:

Year	Minimum Rent	Royalty
2018	3,750	2,500
2019	5,000	4,000
2020	6,250	4,500
2021	7,000	7,200

Short working can be recovered during the life-time of the lease. Prepare the analytical table.

4. Cash price Rs. 24,000; Down payment Rs. 6,000
The balance is paid in 3 annual instalments of Rs. 6,000 each. Interest charged 5% p.a. Calculate the total purchase price (HPP) and interest of each instalment.

5. A fire broke up at the shop of Mr. water on 15.10.2019. Calculate the loss for fire and the claim to be lodged with the general insurance company.

Stock on 01.04.2018	3,06,000
Purchases for 2018-19	12,20,000
Sales for 2018-19	18,00,000
Stock on 31.03.2019	2,70,000
Purchases from 1.04.2019 to date of fire	14,70,000
Sales from 1.04.2019 to date of fire	15,00,000

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

6.From the following particulars you are required to prepare closing balance for debtors, creditors, bills receivables and bills payables:

Total debtors on 01/04/2011	44,250
Total creditors on 01/04/2011	26,910
Total receivables on 01/04/2011	16,000
Total payables on 01/04/2011	5,000
Credit purchase	2,02,190
Credit sales	2,06,310
Cash received from debtors	1,72,350
Discount allowed	1,740
Bad debts	2,550
Return from customers	3,450
Payment to creditors	89,340
Discount received from creditor	1,290
Purchase returns	1,610
B/R received from debtors	28,800
Bills payable accepted	19,200
Cash received against B/R	30,000
Cash paid against B/P	14,000

SECTION – C

Answer any **THREE** questions. Each question carries **FOURTEEN** marks. **(3X14=42)**

7. Discuss the need for Accounting Standards. How do they ensure uniformity, comparability, and reliability in financial reporting?

8. The Kashmir Minerals Ltd acquired a lease from a landlord for the purpose of extracting ore. It was agreed that the company should pay Rs. 12 per ton of ore raised subject to a minimum rent of Rs. 36,000 a year and that the short working could be recouped in the first 3 years. The output raised for the first four years were:

Years	Output
2012-13	1,750
2013-14	2,750
2014-15	3,750
2015-16	4,750

Journalise the transactions without minimum rent account

9. Mr. Jaison buys a motor car on 01.01.2018 under hire purchase system, the terms of payment are as follows: Rs. 2,000 to be paid on the signing of the agreement, Rs.2,800 at the end of the 1st year, Rs. 2,600 at the end of 2nd year, Rs. 2,400 at the end of 3rd year, Rs. 2,200 at the end of 4th year. If the interest is charged at the rate of 10% p.a. What was the cash price of the motor car? And also pass the necessary journal entries if the rate of depreciation is 20% p.a.

10. On 15th September 2019, the premises of Star Trading Co. were damaged by fire. However sufficient records were saved from which the following information was gathered.

Stock at cost on 01-04-2018	73,500
Stock at cost on 31-03-2019	79,600
Purchases for the year ending 31-03-2019	3,98,000
Sales for the year ending 31-03-2019	4,87,000
Purchases 01-04-2019 to 15-09-2019	1,62,000
Sales 01-04-2019 to 15-09-2019	2,31,200

On determining the value of stock on 31.03.2019, Rs. 2300 had been written off in respect of certain slow-moving stock, which had original cost of Rs. 6900. A part of this stock was sold in May at a loss of Rs. 250 on original cost of Rs. 3450. The remaining stock is now estimated at original cost, subject to this the gross profit ratio has been conformed throughout.

Value of salvaged stock is Rs. 5800

Show the amount of claim subject to average clause

The value of policy was Rs. 50,000

11. Arjun carries on a grocery business and does not keep his books on double entry basis. The following particulars have been extracted from his books:

Particulars	01/04/2011	31/03/2012
Plant and machinery	18,000	18,000
Stock	8,000	7,000
Sundry debtors	2,000	3,000
Sundry creditors	5,000	4,660
Cash	4,000	?

Analysis of his cash book for the year ending 31/03/2012 showed the following:

Particulars	Amount
Wages	6,000
Sundry expenses	2,500
Advertisement	1,120
Rent and rates	2,500
Carriage inwards	2,460

Cash received from debtors	82,500
Cash paid to creditors	64,340
Drawings	3,120

During the financial year 2011-12 Arjun had taken from his business for his own consumption goods which amounted to Rs.780. Purchases returns during the year were Rs.2,000 and sales returns were Rs.1,000. Depreciation machinery by 5%. Prepare trading and profit and loss account for the year ending 31st March ,2012 and balance sheet as at that date.