

II Semester B.B.A. Degree Examination, June/July - 2025
(SEP Scheme Freshers)
BUSINESS ADMINISTRATION
Financial Accounting

Time : 3 Hours

Maximum Marks : 80

Instructions :

Answers to be written in English only.

SECTION - A

Answer any Five sub questions. Each question carries 2 marks. (5×2=10)

1. a) Write any two features of partnership firm.
- b) From the following details calculate the amount of claim. Actual loss of stock due to fire accident- Rs. 54,000, Closing stock on the date of fire Rs. 72,000 and policy amount Rs. 63,000.
- c) What do you mean by net payment method?
- d) State the meaning of Environmental Accounting.
- e) Write any two reasons for conversion of partnership firm into limited company.
- f) Write the meaning of joint venture?
- g) Give the meaning of salvage value.

SECTION - B**Answer any Three questions. Each question carries 6 marks.****(3×6=18)**

2. Rohan and Mohan are partners sharing the profits in the ratio of 2:1. Their capital on 1st April 2024 were Rs. 1,50,000 and Rs. 1,00,000 respectively. During the financial year ended 31st March 2025 they earned a profit of Rs. 70,000 before proving the following.

- a) Interest on capital to be provided at 5% p.a.
- b) Salary to Mohan Rs. 8,000 p.a.
- c) Commission to Rohan Rs. 5,000 p.a.
- d) Interest on drawings to be charged Rohan Rs. 2,000 and Mohan Rs. 3,000.

Prepare Profit and Loss appropriation account.

3. A fire occurred in the premises of Mr Varun on 30-06-2024. All stocks destroyed except to the extent of Rs. 85,000. following particulars available from the books of account.

- a) Stock on 1st January 2024: Rs. 1,50,000.
- b) Purchases to the date of fire : Rs. 5,20,000.
- c) Sales to the date of fire: Rs. 6,00,000.
- d) Freight charges to the date of fire : Rs.20,000.
- e) Wages to the date of fire: Rs. 15,000.

The rate of Gross profit is 25% on sales. Determine the amount of claim to be lodged with Insurance company.

4. Jeevith and Gagan entered into joint Venture in which Jeevith would manage the business. They brought Rs. 25,000 each in cash for the venture. Jeevith purchased goods for Rs. 26,000 and sold it for Rs. 55,000. Expenses on the venture paid by him amounted to Rs. 4,000. Jeevith would get a commission of 5% on sales. They shared profits in the losses in 2:1 ratio.

Prepare ledger accounts in the books of Jeevith.

5. State the objectives of Conversion of Partnership firm into Limited company.

6. Explain Social Responsibility Accounting.

SECTION - C

Answer any Three questions. Each question carries 14 marks. (3×14=42)

7. From the following trial balance of M/s Shikar and Pramod who shares profits and losses equality, Prepare the Trading and profit and loss account, Profit and loss appropriation Account and Balance sheet as on 31st March 2025.

Trial-Balance

Particulars	Debit (Rs)	Credit (Rs)
Shikar's Capital	-	40,000
Pramod's Capital	-	30,000
Machinery	60,000	
Building	37,000	
Debtors	30,000	
Advertisement	500	
Opening stock	29,000	
Salary	15,000	
Office rent	3,000	

Bad debts	800	
Discount	500	
Sales		1,59,000
Purchase	45,000	
Furniture	12,000	
Wages	6,000	
Insurance	600	
Creditors		25,400
Cash	15,000	
Total	2,54,400	2,54,400

Adjustments:

- Allow interest on capital at 6%
- Provide Depreciation on Machinery at 10% and Furniture at 5%.
- Prepaid Insurance Rs. 200.
- Outstanding Salary Rs.800.
- Closing stock was valued at Rs. 30,000.
- Provision for R.D.D at 5% on Sundry Debtors.

8. On 23rd March 2025 fire occurred in the premises of M/S XYZ Enterprises. In order to make a claim on their fire policy in respect of stock, you have been approached for advice to calculate claim. The following information has been presented for further process.

Particulars	2023 (Rs.)	2024 (Rs.)	2025 (Rs.)
Opening stock valued	40,000	44,000	44,900
Purchases	88,000	89,000	7,000
Sales	1,40,000	1,48,000	18,000
Wages	27,000	28,900	4,000
Closing stock valued	44,000	44,900	?

The stock salvaged was Rs. 8,000. It was practice of the firm to value the stock at 10% less than the cost.

Determine the amount of claim to be recovered from the Insurance company.

9. Vani and Geetha sharing profits and losses in the ratio of 2:1 decided to convert their business into a limited company. Their balance sheet as on 31-03-2023 was as follows.

Liabilities	Rs.	Assets	Rs.
Creditors	1,20,000	Cash in hand	900
Bills payable	28,000	Bills receivable	15,000
Vani's loan	60,000	Debtors	1,71,000
Capital:		Stock	1,31,100
Vani	1,00,000	Machinery	60,000
Geetha	70,000		
Total	3,78,000		3,78,000

They agreed to sell the business to Meera Ltd. Company and the company to take over the assets and liabilities as follows.

Machinery Rs.48,000, stock Rs.1,05,000, Debtors at Rs.1,52,100, Bills receivable at Rs.15,000 and Goodwill at Rs.18,000. The company agreed to take over creditors at Rs.1,14,000 and Bills payable at Rs.30,000. The purchasing company paid Rs.1,20,000 of the purchase price in Rs.10 fully paid equity shares and the balance in cash.

Distribute the shares in the ratio of 3:2 between the partners.

Prepare the necessary ledger A/c's in the books of the firm.

10. Akhil and Naveen entered into joint venture to purchase and sell plots. Akhil advanced Rs. 90,000 and Naveen advanced Rs.60,000 and they opened a joint bank account with Punjab National bank.

Transactions	Rs.
a) Purchased the land	90,000
b) Incurred legal expenses	8,000
c) Paid development expenses	40,000
d) Establishment expenses paid by Akhil	7,000
e) Other expenses paid by Naveen	5,000
f) Sale proceeds half of the land	80,000
g) Sale proceeds of 1/5 th land received by Naveen	50,000
h) Remaining land taken over by Akhil	35,000

Prepare:

- i) Joint-Venture Account
- ii) Co-Venturers Capital Account
- iii) Joint Bank Account

11. Write a short note on the following:

- a) Human resource accounting and
- b) Sustainability reporting

SECTION - D

Answer any One question. Each question carries 10 marks. (1×10=10)

12. Ramesh and Suresh agreed to sell the partnership firm to Reuter's Co. Ltd. on 31st December 2023 with the details of Balance sheet as below.

Liabilities	Rs.	Assets	Rs.
Creditors	34,000	Good will	9,000
Suresh's loan	18,000	Plant and Machinery	54,000
Capitals:		Furniture	12,000
Ramesh	64,000	Stock	60,000
Suresh	49,000	Debtors	18,000
		Cash at Bank	12,000
Total	1,65,000		1,65,000

Reuter's Company Ltd. agreed to take over stock at Rs. 50,000, Debtor's Rs. 16,000, Furniture Rs. 10,000, Plant and Machinery Rs. 50,000 and Good will Rs. 10,000, Creditors were taken over at Rs. 30,000. The cost of Realization expenses amounted to Rs. 3,000. Profit or losses shared equally by the partners.

Calculate the Purchase consideration and Prepare Realization A/c in the books of Vendor Firm.

(OR)

13. What do you mean by Partnership deed? Explain its contents.