205984

SDCBB-203

II Semester B.B.A. Degree Examination, June / July - 2026

(SEP Scheme)

BUSINESS ADMINISTRATION

Financial Accounting

Paper - 2.5

Time : 3 Hours **Maximum Marks : 80**

Instructions :

Answers should be written in English only.

SECTION - A

Answer any FIVE of the following. Each sub-question carries 2 marks.

(5×2=10)

1. a) What is fluctuating capital?
   b) Why partnership deed is necessary?
   c) Calculate the actual amount of claim from the following details:
   Stock on the date of fire accident Rs. 85,000
   Value of goods salvaged Rs. 7,500
   Expenses incurred for extinguishing fire Rs. 3,000.
   d) What is fire insurance claims?
   e) Mention any two features of joint venture.
   f) Mention any two objectives of conversion of a firm into a limited company.
   g) What is Environmental Accounting?

SECTION - B

Answer any THREE of the following. Each sub question carries 6 marks.

(3×6=18)

2. Dinesh and Suman entered into a partnership agreement on 1st January 2025, Dinesh contributing Rs. 1,50,000 and Suman Rs. 1,20,000 as capital. The agreement provided that:
   a) Profits and losses to be shared in the ratio 2:1 between Dinesh and Suman.
   b) Partners are entitled to interest on capital at 4% p.a.
   c) Interest on drawings to be charged, Dinesh: Rs. 3,600 and Suman: Rs. 2,200.
   d) Dinesh to receive a salary of Rs. 60,000 for the year, and
   e) Suman to receive a commission of Rs. 80,000.
   During the year ended on 31st December 2025, the firm made a profit of Rs. 2,20,000 before adjustment of interest, salary and commission. Prepare the profit and loss appropriation account.

3. A fire occurred in the premises of Dhruva on 15th August 2025 when a large part of the stock was destroyed. Salvage was Rs. 45,000 Agni gives you the following information for the period of 1st January 2025 to 15th August 2025:

[P.T.O.

a. Purchases Rs. 2,55,000
b. Sales Rs. 2,70,000
c. Goods costing Rs. 15,000 were taken by Dhruva for personal use.
d. Cost price of stock on 1st January 2025 was Rs. 1,20,000.
Over the past few years. Dhruva has been selling goods at a consistent gross profit margin of 33.33% on sales the insurance policy was for Rs. 1,50,000. It included average clause. Dhruva asks you to prepare a statement of claim to be made on the insurance company.

4. P and K entered into a joint venture with a profit sharing ratio of 4:1. P supplied goods worth Rs. 10,000 and incurred expenses Rs. 800. K supplied goods worth Rs. 8,000 and spent Rs. 600 for expenses; K sold all the goods for Rs. 24,000 for which he is entitled for a commission of 5% on sales. K settled the account by cheque. Prepare joint venture account and K's account in the books of P.

5. A company takes over the following assets and liabilities from a partnership firm.

Land and building	Rs. 45,000
Plant and machinery	Rs. 20,000
Stock	Rs. 20,000
Debtors	Rs. 23,200
Bills receivable	Rs. 16,000
Current liabilities	Rs. 28,800

Calculate purchase consideration of the firm.

6. What is the scope of Human Resource Accounting?

SECTION - C

Answer any THREE of the following. Each question carries 14 marks. (3×14=42)

7. Following is the trial balance of M/s. Gopal and Murthy who share profits and losses equally for the year ending 31-3-2026.

PARTICULARS	DEBIT (RS.)	CREDIT (RS.)
Gopal's capital	-	39,000
Murthy's capital	-	20,000
Stock on 1-4-2025	6,000	-
Purchases and Sales	72,000	98,000
Discount	2,200	4,400
Salaries	12,000	-
Rent	6,000	-
Trade expenses	500	-
Commission	4,900	-
Debtors and Creditors	28,000	17,000
Machinery	25,000	-
Cash and bank balance	25,500	-

Rent received	-	2,500
Loan from bank	-	10,000
Interest on loan	3,900	-
Miscellaneous receipts	-	800
B/R and B/P	5,000	1,000
Insurance paid	3,000	-
Printing and stationary	2,000	-
Commission received	-	3,300
	1,96,000	**1,96,000**

Adjustment:

i) Closing stock was valued at Rs. 12,000

ii) Commission earned but not received Rs. 10,000

iii) Provide depreciation on machinery at 10%

iv) Create reserve for doubtful debts at 5% on Debtors

v) Prepaid insurance amounted to Rs. 500

Prepare trading and profit and loss account and Balance Sheet as on 31-3-2026.

8. Fire occured in the premises of Mr. Rathore on 20th April 2026. In order to make a claim on their fire policies in respect of stock, they ask your advice and you are able to obtain the following information.

PARTICULARS	**2024**	**2025**	**2026**
Opening stock valued	1,62,000	1,80,000	1,84,500
Purchases	4,00,000	4,05,000	30,000
Sales	6,60,000	7,00,000	60,000
Wages	95,000	1,04,000	10,000
Closing stock valued	1,80,000	1,84,500	?

The stock salvaged was Rs. 10,000. It was practice of the firm to value the stock at 10% less than cost. Determine the amount of claim to be recovered from the insurance company.

9. Srinivas and Irshad undertook a joint venture for construction of a college building. A joint bank account was opened in which Srinivas deposited Rs. 1,00,000 and Irshad Rs. 50,000. The contract price was Rs. 5,00,000. The profits of joint venture were to be shared as to Srinivas 2/3 and Irshad 1/3.

The details of the transactions were as under:

Salaries	Rs. 16,000
Wages	Rs. 92,000
Materials supplied by Srinivas	Rs. 18,000
Materials supplied by Irshad	Rs. 16,000
Building material purchased	Rs. 2,20,000
Architect fees	Rs. 14,000
Carriage	Rs. 24,000

Machinery purchased Rs. 50,000

On the completion of the contract the unused materials of the value of Rs. 22,000 were taken over by Srinivas. The machinery was sold for Rs. 40,000. Mr. Irshad was to be paid a remuneration of Rs. 16,000 for his service which is to be charged to the joint venture. Prepare the necessary ledger accounts when separates set of books is maintained.

10. Ram and Sham are in partnership with 2:1 as their profit sharing ratios. The Balance sheet of the firm on 31-3-2026 is given below:

LIABILITIES	AMOUNT (RS.)	ASSET	AMOUNT (RS.)
Creditors	1,20,000	Cash in hand	900
Bills payable	30,000	Bills Receivable	15,000
Sham's loan	60,000	Debtors	1,71,000
Reserves	18,000	Stock	1,31,100
Capitals		Machinery	60,000
Ram	90,000		
Sham	60,000		
	3,78,000		**3,78,000**

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

Machinery Rs. 48,000, Stock at Rs. 1,05,000, Debtors at Rs. 1,52,100, Bills Receivable at Rs. 15,000 and to provide 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 accounts in the books of the firm.

11. Write a note on the following:
   a) Human Resource Accounting.
   b) Social Responsibility Accounting
   c) Forensic Accounting.

SECTION - D

Answer any ONE of the questions. This question carries 10 marks. (1×10=10)

12. a) Write any ten contents of partnership deed.
   b) Pass incorporation entries in the books of the company and from the following details.

Purchase consideration	Rs. 18,00,000
Value of assets taken over	Rs. 21,00,000
Current liabilities taken over	Rs. 1,50,000

   Settlement of purchase consideration: 75% in equity shares of Rs. 10 each; 1,000 8% Debentures of Rs. 100 each and the balance in cash, Realisation expenses of Rs. 5,000 paid by the purchasing company.