SE – 513

II Semester B.B.A. Examination, June/July 2026
(SEP 2025 – 26) (Freshers)
BUSINESS ADMINISTRATION
BBA 2.1 : Financial Accounting

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Time : 3 Hours Max. Marks : 80

Instruction : *Answers should be written in* ***English only.***

SECTION – A

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

1. a) Define IFRS.
   b) Expand IASB.
   c) What is salvage ?
   d) Who is an Insurer ?
   e) Mention the types of single entry system.
   f) Give the meaning of Lessor.
   g) State any two objectives of conversion method.
   h) Give the meaning of Royalty.
   i) What is Down Payment ?
   j) Write any two differences between hire purchase system and Installment purchase system.

SECTION – B

Answer **any three** questions. **Each** question carries **8** marks. **(3×8=24)**

2. State the merits and demerits of Accounting Standards.

3. Prepare analysis table of Royalty and Short working account from the following details.

   Royalty payable Rs. 5 per ton

   Minimum rent Rs. 20,000 p.a.

   Short working can be recoverable during first 4 years of lease only.

   The production for the first 4 years was as follows : I year – 2000 tons, II year – 3000 tons, III year – 4000 tons, IV year – 4500 tons respectively.

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4. Ascertain opening stock from the following information.

	₹
Credit purchases made during the year	45,000
Cash purchases made during the year	15,000
Credit sales made during the year	15,000
Cash sales made during the year	25,000
Closing stock	50,000
Manufacturing expenses	2,000
Wages	1,500
Carriage Inwards	1,500
Other expenses	5,000
Return outwards	5,000
Return inwards	5,000
Rate of gross profit 1/4th on cost	

5. Balu traders have taken a fire policy of 4,80,000 covering its stock in trade. A fire occurs on 30-06-2026 and stock was destroyed with the exception of the value of Rs. 1,24,080. Following particulars are available from the books of the accounts of the firm.
   Stock on 1st April 2026 Rs. 1,80,000
   Purchase till the date of fire Rs. 7,80,000
   Sales till the date of fire Rs. 5,40,000
   Carriage inwards Rs. 12,000
   Wages Rs. 12,000
   Commission paid on purchases 2%
   Rate of gross profit on cost 50%
   The policy was subject to average class, you are required to calculate :
   1) Total loss of stock
   2) Amount of claim to be lodged with the insurance company
   3) Loss suffered due to under insurance

6. Calculate cash price of an asset and also prepare interest account in the books of hire purchaser, from the following details.
   Rupees 3,000 paid at the time of agreement
   Rupees 21,600 paid at the time of first year
   Rupees 20,700 paid at the time of 2nd year
   Rupees 19,800 paid at the time of 3rd year
   Rupees 18,900 paid at the time of 4th year
   Rate of interest is 5% per annum
   Rate of depreciation 25% per annum (straight line method)

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SECTION – C

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

7. From the following information ascertain Total Purchases and Total Sales.

	₹
Opening balance of B/P	5,500
Closing balance of B/P	7,500
Cash paid against B/P	9,900
B/P Dishonoured	1,000
Opening balance of creditors	7,000
Closing balance of creditors	5,000
Cash paid to creditors	31,200
Return outwards	1,300
Discount received	900
Cash purchases	26,300
Opening balance of B/R	11,000
Closing balance of B/R	9,000
B/R honoured during the year	26,000
B/R dishonoured	2,100
Opening balance of debtors	42,000
Closing balance of debtors	36,000
Cash received from debtors	85,000
Return inwards	2,600
Discount allowed	2,400
Cash sales	49,000

8. Nimisha mining company is engaged in working in a coal mine. On April 1st 2021 it entered into an agreement with the owner of the land which provided for
   Royalty payable Rs. 20 per ton of output
   Minimum rent Rs. 50,000 p.a.
   The recovery of short workings within a period of first 3 years.
   The output during the first 5 years was as follows :

Year	**Production (Tons)**
2021 – 22	2000
2022 – 23	2250
2023 – 24	3000
2024 – 25	3800
2025 – 26	5000

Prepare : (a) Royalties A/C, (b) Short working A/C (c) Landlord A/C in the books of Nimisha mining company under minimum rent method.

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9. The premises and stock of Amar Traders were totally destroyed by fire on 30-4-2023 from the books and other records that were saved the following information are available.

Particulars	2020 – 21	2021 – 22	2022 – 23	2023 – 24
Opening stock	27090	32400	36000	36900
Purchases	74900	80000	81000	6000
Sales	120000	132000	140000	12000
Wages	17400	19000	20900	2000
Closing stock	32400	36000	36900	?

Prepare a statement for submission to the insurance company in support of the company for loss of stock.

10. Mr. Prasad purchased a plant costing Rs. 40,000 on 1st April 2018 from Raj electronics limited under Hire Purchase System. The terms being: 10000 down payment and balance in three equal annual installments together with interest at 20% per annum on the outstanding cash price. Depreciation is to be charged at 15% per annum under straight line method. Prepare necessary ledger accounts in the books of Mr. Praveen under asset accrual method.

11. A) Ascertain opening stock from the following information.

	₹
Credit purchases made during the year	16,000
Cash purchases made during the year	19,000
Credit sales made during the year	15,000
Cash sales made during the year	20,000
Closing stock	1,500
Freight charges	250
Office expenses	2,500
Return outwards	500
Return inwards	2,000
Rate of gross profit on cost at 50%	

B) On first April 2018 RamKumar Company Limited took delivery of machinery on hire purchase system from Ravi Kumar Company limited. Rs. 1,500 being paid on delivery and balance in 5 annual installments of Rs. 3,000 each payable annually on 31st march. The cash price of the machine was Rs. 15,000. Calculate the interest for each year.

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