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DCBB201

II Semester B.B.A. Degree Examination, June/July - 2026
(NEP Scheme Repeaters)
Rep
BUSINESS ADMINISTRATION
Financial Accounting and Reporting
Paper : 2.1

NEW HORIZON COLLEGE LIBRARY KASTURINAGAR BANGALORE-43

Time : 2½ Hours **Maximum Marks : 60**

Instructions :

Answers should be written completely in English only.

PART - A

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

1. a. State any two objectives of preparing an annual Report.

b. What is Partnership?

c. What is meant by issue of Shares at discount?

d. Give the meaning of Current liabilities with examples?

e. Define Goodwill?

f. What are Calls in advance?

g. What are the four primary users of corporate financial reports?

PART - B

Answer any Three of the following questions. Each question carries 4 marks. (3×4=12)

2. Nandhan and Chandan commenced their business with Capitals of Rs.80,000 and Rs.60000 respectively on 1.4.2022. They agreed to share profits in the ratio of 3:2. For the year ending 31.3.2023, they earned a Profit of Rs.24,000 before allowing.

- Interest on capital at 5% p.a
- Interest on drawings Nandhan- Rs.150 and Chandan-Rs.100
- A partnership Salary to Chandan-Rs. 3000
- Their drawings during the year amounted to Nandhan-Rs.7,000 and Chandan-Rs. 5000

You are required to prepare profit and loss Appropriation Account of the firm.

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3. Under which headings and sub headings will the following items appear in the balance sheet of a company. As per schedule, Part-I of the companies Act, 2013?
   a) Bills Payable
   b) Bills Receivable
   c) Trade Marks
   d) Work in progress

4. Rohan Ltd., is planning to acquire the business of another firm. It is agreed that goodwill will be valued at 3 years' purchase of the weighted average profits.
   The Profits of the firm for the last 4 years and their respective weights are as follows:

Year	Weight	Profit(Rs.)
2020	1	120,000
2021	2	150,000
2022	3	180,000
2023	4	220,000

   Calculate the value of goodwill.

5. Calculate trend percentages for the following data of Kiran Ltd., taking 2021 as the base year

Year	Sales(in Lakh)	Stock	PBT	Salaries
2021	1,800	600	300	700
2022	2,100	650	350	800
2023	2,500	720	420	900
2024	3,000	900	500	1,050
2025	3,600	1,000	600	1,200

   Compute trend percentages for all items.

6. Write any Four components of annual report

PART - C

Answer any Three of the following questions. Each question carries 10 marks. (3×10=30)

7. Amit and Suresh are partners sharing profits in the ratio 3:2. From the following information Prepare:
   - Profit and Loss Appropriation A/c
   - Partners'Capital A/c
   - Balance Sheet

Trial Balance as on 31-12-2025

Particulars	Debit (Rs.)	Credit (Rs.)
Capital:Amit	--	80,000
Capital: Suresh	--	60,000
Drawings: Amit	12,000	--
Drawings: Suresh	10,000	--
Sundry Debtors	1,20,000	--
Sundry Creditors	--	50,000
Bills Receivable	25,000	--
Bills Payable	--	10,000
Machinery	40,000	--
Furniture	10,000	--
Cash	5,000	--

Additional Information:

- Net profit before adjustment: Rs.50,000
- Closing Stock: Rs.60,000.
- Depreciate machinery @ 10%, furniture@5%
- Salary to Amit Rs.8,000.
- Interest on Capital@ 6% p.a
- Interest on drawings: Amit Rs.300, Suresh Rs.200.

8. The Modem Trading Company limited issued 10,000 shares of Rs.100 each at a discount of 5% payable as follows:
On application Rs. 25
On allotment Rs. 40
On First and Final Call Rs.30.
All these shares were subscribed and the money duly received except the final call on 100 shares.
Give the Journal Entries to record the above transactions.

9. From the Trial Balance of Sunrise Trading Co., prepare final accounts for the year ending 31/3/2026.

Particulars	Dr(Rs.)	Cr(Rs.)
Sales	--	9,00,000
Purchases	4,20,000	--
Opening stock	50,000	--
Freight	30,000	--
Salaries	1,20,000	--
Insurance	24,000	--
Plant and Machinery	3,00,000	--
Debtors	1,10,000	--

Creditors	--	80,000
Cash	60,000	--
Capital	--	4,00,000

Adjustments:

a. Closing Stock Rs.70,000
b. Depreciation on plant @ 15%
c. Insurance prepaid Rs.4,000
d. Commission received Rs.10,000(not recorded)
e. Write off bad debts Rs.5,000.

10. ABC Ltd purchased the business of XYZ Ltd. Calculate Goodwill on the basis of 3 years purchase of weighted average for 4 years. The appropriate weights are :

Year	Weight
2021-22	1
2022-23	2.5
2023-24	3.8
2024-25	4.2

The Profits for these years were :

Year	Profit (Rs.)
2021-22	40,500
2022-23	46,500
2023-24	60,000
2024-25	75,000

On the Scrutiny of accounts, the following aspects were revealed:

a. The Company purchased new furniture on 30th September 2025 which was entered in purchase day book. The value of furniture was Rs.10,000. for the purpose of Goodwill, the error has to be rectified and depreciation should be provided at 10% under Written Down Value (WDV) method.
b. The opening stock of year 2023-24 was undervalued by Rs.2,500
c. Anticipated additional expenses in administration is Rs.5,000 per annum

11. Discuss the significance of auditor's report.

PART - D

Answer any One of the following question. It carries 8 marks. **(1×8=8)**

12. a) What are the Financial Highlights that can be included in annual report.

(OR)

b) What do you mean by Partnership Deed? Explain its contents.