

CS/BBA(H)/BIRM/BSCM/Odd/Sem-3rd/BBA-306/2015-16



**MAULANA ABUL KALAM AZAD UNIVERSITY OF TECHNOLOGY,  
WEST BENGAL**

**BBA-306**

**FINANCIAL ACCOUNTING**

Time Allotted: 3 Hours

Full Marks: 70

*The questions are of equal value.  
The figures in the margin indicate full marks.  
Candidates are required to give their answers in their own words as far as practicable.  
All symbols are of usual significance.*

**GROUP A  
(Multiple Choice Type Questions)**

1. Answer any *ten* questions. 10×1 = 10
- (i) Which of the following is true when a debtor pays his dues?
- (A) The asset side of the balance sheet will decrease
- (B) The asset side of the balance sheet will increase
- (C) The liability side of the balance sheet will increase
- (D) There is no change in total assets or total liabilities

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- (ii) Withdrawal of goods from stock by the owner of the business for personal use should be recorded by debiting
- (A) drawings account and crediting cash account
  - (B) drawings account and crediting purchases account
  - (C) capital account and crediting drawings account
  - (D) purchases account and crediting drawings account
- (iii) The cost price of a machine is Rs. 1,20,000 and the depreciated value of the machine after 3years will be Rs. 66,000. If the company charges depreciation under straight-line method, the rate of depreciation will be
- (A) 25%
  - (B) 20%
  - (C) 18%
  - (D) 15%
- (iv) Which category of account is not a personal account?
- (A) Accounts of persons
  - (B) Intangible accounts
  - (C) Accounts of corporate bodies
  - (D) Representative accounts
- (v) Which of the following comes under the debit side of trial balance sheet?
- (A) Capital
  - (B) Outstanding rent
  - (C) Drawings
  - (D) Return outward
- (vi) Depletion method of depreciation is applicable in case of :
- (A) Mines
  - (B) Steel plant
  - (C) Electricity companies
  - (D) None of these
- (vii) Bad debt is a
- (A) personal account
  - (B) real account
  - (C) nominal account
  - (D) fictitious account

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- (viii) In final accounts Share Premium Account is an element of
- (A) Asset
  - (B) Liability
  - (C) Sales
  - (D) Revenue stated in profit and loss a/c
- (ix) When it is assumed that business will continue for a fairly long time to come, it is the concept of
- (A) separate entity concept
  - (B) going concern concept
  - (C) money measure concept
  - (D) cost concept
- (x) If total assets of a business are Rs. 1,50,000 and capital is Rs.90,000; the amount of creditor will be
- (A) 2,40,000
  - (B) 90,000
  - (C) 60,000
  - (D) 1,50,000
- (xi) When trial balance does not agree the difference is put to
- (A) Suspense a/c
  - (B) Balance Sheet
  - (C) Cash Book
  - (D) Profit and Loss A/c
- (xii) Sales Day book records
- (A) cash sales
  - (B) credit sales
  - (C) sales of goods on credit
  - (D) sale of assets on credit

**GROUP B**  
**(Short Answer Type Questions)**

Answer any *three* questions.

3×5 = 15

2. State the process of ledger posting.

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3. Journalize the following transactions :
- (i) Mr. Govind Narain started a Restaurant and introduced Rs. 5,00,000 as his capital. (1st April,2015)
  - (ii) He opened up a bank account at HSBC Bank with Rs. 40,000.(3rd April,2015)
  - (iii) Made a down payment of Rs. 5,000 in cash and Rs. 10,000 in cheque. (5th April,2015)
  - (iv) He paid salary to Mr. Sanjay, a Chef of Rs. 35,000/- (7th April,2015)
  - (v) Purchased Furniture worth Rs. 26,000 with a payment of Rs.3,000 by cheque (10th April,2015)
  - (vi) Paid decoration charges of Rs. 3,500 (11th April,2015)
  - (vii) Paid Municipal taxes of Rs. 3,250 (11th April,2015)
4. Briefly discuss the dual aspect concept of accounting.
5. Distinguish between cash discount and trade discounts.
6. Differentiate between provision and reserve.

**GROUP C**  
**(Long Answer Type Questions)**

Answer any *three* questions.

3×15 = 45

7. (a) State the limitations of money measurement concept. 5
- (b) State the nature of decisions, a management of a company may derive from the balance sheet. 5
- (c) Prepare a Trial Balance from the following information : 5
- Land and Building-Rs. 70,000; Share Capital-Rs. 1,30,000; Stock-Rs. 40,000; Sundry Debtors- Rs. 90,000; Sundry Creditors-Rs. 80,000; Furniture-Rs.10,000; Loans-Rs. 5,00,000; Cash at Bank-Rs. 4,75,000; Reserve & Surplus-Rs. 25,000; Investment-Rs. 50,000; Bills Payable-Rs. 1,60,000; Bills Receivable-Rs. 1,45,000; Miscellaneous Expenditure - Rs. 20,000; Debentures - Rs. 1,57,000; Plant and Machinery - Rs. 3,00,000; Bonds - Rs. 1,48,000.

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8. From the following Trial Balance extracted from the books of Mr. Karuna Sagar, prepare a Trading and Profit and Loss Account for the Year ended 31.03.2015:

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Particulars	Dr. (Rs.)	Particulars	Cr. (Rs.)
Purchase	3,30,000	Sales	5,30,000
Rent paid	7,480	Purchase Return	8,000
Wages	33,000	Trade Creditor	37,000
Salaries	30,800	Discount	3,000
Power	5,400	Capital	2,00,000
Stock(01.04.2011)	15,000	Misc Income	3,060
Gas and Fuel	36,000		
Charity	500		
Debtor	53,000		
Furniture	8,000		
Motor car	2,00,000		
Motor Car Expenses	18,000		
Insurance	3,600		
Unexpired Insurance	600		
Drawings	5,000		
Cash Balances	34,680		
	7,81,060		7,81,060

**Additional Information:**

- (i) Goods costing Rs. 2,000 were taken away by the Proprietor for the personal use and goods costing Rs. 1,500 were given away as Charity.
  - (ii) Provide 10% depreciation on Furniture and 20% on Motor Car.
  - (iii) A bad debt of Rs. 1,000 is to be written off from Sundry debtors. Provision for bad and doubtful debt to be maintained @ 5%.
  - (iv) Closing Stock to be valued at Rs. 30,000.
9. Pass the necessary Journal entries for the following (year closes on 31.12.2014) 10×1.5
- (i) Salary Rs. 2,000 for December 2014 is outstanding
  - (ii) Rent received in advance Rs. 400
  - (iii) Insurance Premium prepaid Rs. 600
  - (iv) Closing Stock valued at Rs. 6,000

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- (v) Depreciation on furniture Rs. 2,000
  - (vi) Interest accrued on investment Rs. 600
  - (vii) Rs. 2,000 due from Shri Basu a debtor is unrealizable from him.
  - (viii) Commission due to Manager @ 6% on net profit after charging such commission. The profit before charging such commission was Rs. 26,500
  - (ix) Debtor include Rs. 1,000 due from Ram, where as Creditor include Rs. 500 due to Ram.
  - (x) Goods of value Rs. 2,000 was distributed as free samples.
10. Shri X purchased on 1<sup>st</sup> January 2012 second hand Plant & Machinery for Rs. 30,000 and immediately spent Rs. 20,000 in overhauling it. On 1<sup>st</sup> July, 2012, additional machinery costing Rs. 25,000 was purchased. On 1<sup>st</sup> July, 2014, the plant purchased on 1<sup>st</sup> January became obsolete and was sold for Rs. 10,000. On the same date new machinery was purchased at a cost of Rs. 60,000. Depreciation was provided annually on 31<sup>st</sup> December at the rate of 10% p.a. on the original cost of the asset. With effect from 01.01.2015, however Shri X changed this method of providing depreciation and adopted the method of charging depreciation under WDV method @ 15% p.a. Show the machinery account from 2012 to 2015. 15
11. Write short notes on any *three* of the following: 3×5
- (a) Cash Book
  - (b) Accrual Concept
  - (c) Balancing Ledger Accounts
  - (d) Diminishing balance method
  - (e) Suspense Account