

CS/BBA(N)/ODD/SEM-3/BBAN-304/2019-20



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

Paper Code : BBAN-304

PUID : 03635 (To be mentioned in the main answer script)

FINANCIAL ACCOUNTING

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own
words as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any ten of the following : 10 × 1 = 10
- i) Which of the following is not an internal user of accounting information?
- a) Owners b) Government ✓
- c) Management d) Employee.
- ii) According to the going concern concept, a business entity is assumed to have
- a) a long life
- b) a very short life
- c) an indefinite life
- d) life of one financial year.

- iii) Purchase journal is maintained for recording
- a) all purchases of goods ✓
 - b) all credit purchases of goods only
 - c) all credit purchases
 - d) all cash purchases of goods only.
- iv) The capital expenditure out of the following is
- a) Wages paid for manufacturing the goods ✓
 - b) Amount paid for excise duty on production
 - c) Agricultural land purchased for the business
 - d) none of these.
- v) Which of the following is prepared to maintain arithmetical accuracy of records ?
- a) Journal
 - b) Ledger
 - c) Trial Balance
 - d) Final Accounts. ✓
- vi) Which of the following accounts is prepared to find out cost of production ?
- a) Trading Account
 - b) Profit & Loss Account
 - c) Manufacturing Account ✓
 - d) Suspense Account.
- vii) Depending upon which principle, capital is considered as a liability of the business ?
- a) Double entry
 - b) Separate entity
 - c) Going concern
 - d) Materiality.
- viii) Stock is valued at
- a) Cost price
 - b) Market price
 - c) Cost or market price, whichever is lower
 - d) Relative price (application of WACC).

- ix) Goods distributed as samples should be credited to
- Purchase Account
 - Sales Account
 - Advertisement Account
 - Suspense Account.
- x) Heavy advertisement to launch a new product is a
- Capital expenditure
 - Revenue expenditure✓
 - Capital income
 - Deferred revenue expenditure.
- xi) While preparing the Balance Sheet and Profit & Loss Account which principles are followed ?
- IFRS
 - SAP
 - ISO-29000
 - RBI-GAAP.
- xii) Which of the following is not a method of calculating depreciation ?
- WACC
 - SLM
 - WDV
 - Sum of the years digit method.

GROUP - B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

- ✓ 2. What is double entry system ? List the rules of this system.✓
3. Why is the distinction between Capital and Revenue of great importance in accounting ?✓
- ✓ 4. What do you mean by ledger ? Why is it opened ?

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5. From the following particulars of the business of M/s Poddar & Company, record the transactions in the 'Sales Day Book' : <http://www.makaut.com>

2019

- March 5 Sold to Calcutta Electronics Co.
2,500 pieces of 100 Watt bulbs @ Rs. 90
per piece less trade discount @ 5%
- March 10 Sold to Guwahati Electronics Company
3,000 pieces of 200 Watt bulbs @ Rs. 100
per piece, less trade discount @ 10% and
cash discount @ 5%
- March 18 Sold to Patna Electric Company
1,500 pieces of 100 Watt bulbs @ Rs. 80
per piece, less trade discount @ 7.5% and
carrying charges Rs. 300.

6. Pass necessary journal entries to rectify the following errors :

- a) (Rs. 250 received from K. Sen) was wrongly credited to M. Sen A/c ^{Dr} _{Cr}
- b) (Rent Rs. 150 paid to S. Roy) Landlord, was wrongly debited to his account ^{Dr} _{Cr}
- c) (Furniture purchased Rs. 800) was wrongly passed through Purchase Book ^{Dr} _{Cr}
- d) (Salaries paid Rs. 900) were wrongly debited to Rent A/c ^{Dr} _{Cr}
- e) (A credit sale of Rs. 500 to Mr. Raghunath) was recorded in the books as Rs. 50. ^{Dr} _{Cr}

GROUP - C

(Long Answer Type Questions)

Answer any three of the following.

7. What do you mean by depreciation ? How is depreciation treated in accounting ? When does a company charge its system of depreciation ? $3 \times 15 = 45$
 $3 + 6 + 6$

8. Mr. Prakash passed his BBA and started a software firm, titled Sinha Software Software Limited (SSL). The following are the list of transactions for SSL during the month of March, 2019.

March 1 ^{Dr} ^{Cr} Prakash invests Rs. 50,000 in cheque in ^{Dr} SSL from his personal bank account and opened a new bank account with this amount as a current account

March 2 ^{Dr} Prakash took a loan of Rs. 20,000 from ^{Dr} Mr. Akash for SSL (Online Account transfer) ^{Cr}

March 3 ^{Dr} Purchased ^{Dr} two computers, each costing Rs. 39,000 and paid by cheque (with GST of 18%) ^{Bank} ^{Cr}

March 4. ^{Dr} Purchased ^{Dr} stationery for Rs. 6,000 on credit from Modern Stationery ^{Cr}

March 19 ^{Dr} Sale of software to a retail store and receives a price of Rs. 12,000 in cash ^{Cr}

March 21 ^{Dr} Paid Rs. 2,000 to its creditors for supplies stationery ^{Cr}

March 29 ^{Dr} Paid salaries to its employees Rs. 4,000 and as office rent Rs. 12,000 in cheque ^{Cr}

March 30 ^{Dr} Delivers a software package for a shoe shop of Rs. 8,000 ^{Cr}

March 31 ^{Dr} Prakash withdraws Rs. 3,500 for his personal use. ^{Cr}

Journalise the above transactions and prepare ledger accounts.

9 + 6

9. The cost of machinery in use with a firm on 1st April, 2018 was Rs. 2,50,000 against which the depreciation provision stood at Rs. 1,05,000 on that date; the firm provided depreciation at 10% of the diminishing value. On 31st December, 2018 two machines costing Rs. 15,000 and Rs. 12,000 respectively, both purchased

on 1st October, 2015, had to be discarded because of damage and had to be replaced by two new machines costing Rs. 20,000 and Rs. 15,000 respectively.

One of the discarded machines was sold for Rs. 8,000; against the other it was expected that Rs. 3,000 would be realisable.

Show the relevant accounts in the ledger on the firm for the year ended on 31st March, 2019.

10. From the following Trial Balance of Matrix Business House on 31st December, 2018 and other information available, prepare a Trading and Profit & Loss Account for the year ended on that date and also a Balance Sheet as on that date :

Trial Balance as on 31.12.2018

	Debit Rs.	Credit Rs.
Plant & Machinery	50,000	
Furniture & Fixture	10,000	
Cash and Bank	14,500	
Stock (1.1.2017)	35,000	
Sundry Debtors	30,000	
Bills Receivable	15,000	
Capital		80,000
Sundry Creditors		20,000
Carriage on Purchase	1,500	
Wages	12,000	
Salaries	10,000	
Miscellaneous Expenses	2,000	
Miscellaneous Incomes		2,000
Purchase and Sales Commission	75,000	1,50,000
		3,000
	2,55,000	2,55,000

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Additional information :

- i) Stock as on 31.12.2017 Rs. 50,000
- ii) Goods distributed as free samples Rs. 2,000
- iii) Sundry Debtors also include a sum of Rs. 3,000 due from Mr. Jadu and Sundry Creditors include a sum of Rs. 2,000 due to Mr. Jadu
- iv) Sundry Debtors also include a sum of Rs. 1,000 due from Mr. Ganapati a customer who has become insolvent and nothing could be realised from him
- v) Outstanding Liabilities : Wages Rs. 2,000, Salaries Rs. 1,500
- vi) Provide depreciation on Plant & Machinery at 10% p.a. and on Furniture & Fittings at 20% p.a.
- vii) Create a provision for doubtful debts @ 5% on Sundry Debtors.

11. Write short notes on any *three* of the following : 3 × 5

- a) Adjustment entries
- b) Trade Discount and Cash Discount
- c) Generally Accepted Accounting Principles
- d) Accounting as an Information System
- e) IFRS.

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