

U.G. 2nd Semester Examination - 2021**B.B.A.****[HONOURS]****Course Code : BBBACCHT 201****Course Title: Financial Accounting**

Full Marks : 40

Time : 2 Hours

*The figures in the right-hand margin indicate marks.**Candidates are required to give their answers in their own words as far as practicable.*1. Answer any **ten** questions of the following:

1×10=10

- a) What do you mean by entity concept?
- b) What is capital expenditure?
- c) Give two examples of fictitious assets.
- d) What do you mean by Bad Debt?
- e) What is closing entry?
- f) What do you mean by depreciation?
- g) What is compensating error?
- h) Distinguish between Cash discount and Trade discount.

- i) Mention any one advantage of Accounting.
- j) Write the full form of GAAP.
- k) What is the fundamental principle of Double Entry System?
- l) What is Compound Journal entry?
- m) What do you by provision?
- n) What is Liquid Liability?
- o) Is Balance Sheet an account?

2. Answer any **five** of the following questions:2×5=10

- a) What is deferred revenue expenditure?
- b) Distinguish between Receipt & Payment and Income & expenditure account.
- c) What is Contra entry? Give example.
- d) Distinguish between Manufacturing account and trading account.
- e) What is accounting information?
- f) What do you mean by matching concept?
- g) What are the various stages of Accounting Cycle?
- h) What do you mean by Opening Entry?

3. Answer any **two** of the following: $5 \times 2 = 10$

- a) From the following Cash and Bank transactions of a business, prepare Double column Cash Book with Cash and Bank column:

DATE	PARTICULARS	AMOUNT
2005		
Aug 1	Cash in hand	10000
1	Open a Bank A/C with SBI	3000
5	Sold goods for cash	1000
6	Purchased goods and issued a cheque	750
8	Received a cheque from Mr. Pal.	350
10	Mr. P's cheque sent into bank	-----
12	Withdrew cash from bank	500
15	Deposit cash into bank	1000
20	Withdrew cash for office use.	500
25	Withdrew cash for personal use	300
27	Received a cheque from Mr. Das on account	700
28	Paid salary to Mr.Y	500
29	Paid rent from personal cash	450
31	Deposit cash into bank	500

- b) Discuss the Going Concern Concept used in accounting.
- c) A company purchased machinery for Rs. 20,000 on 1st January, 2017 and followed the

diminishing balance method of depreciating the value @ 15%. At the end of 2020, it was decided to follow the fixed instalment system of depreciating the machine. The remaining life of the asset is 3 years and expected residual value is Rs. 3,882. Show the Machinery Account for the period 2017 to 2020.

4. Answer any **one** of the following: $10 \times 1 = 10$

- a) A, B and C are equal partners. They are entitled to 5% interest on capital, the capitals contributes being A Rs.50,000, B Rs.40,000 and C Rs.30,000. in addition to that, A is to receive a salary of Rs.500 per month and B and C each entitled to a commission of 10% on the net profits. Interest on drawings is to be charged at 5% per annum, such drawings being spread evenly over the year.

From the given particulars, prepare Profit and Loss Appropriation Account, Partners capital and partners current Account.

Drawings A Rs.10,000; B Rs.6,000 and C Rs.4,000. Net profit for the year (from P&L Account) Rs.50,000.

- b) What is meant by Income & Expenditure Account? Distinguish between Receipts &

Payments Account and Income & Expenditure Account. 2+8

- c) Mr. R started a business on January 1, 2020 with Rs. 10,000 in cash, Rs. 5,000 in goods and Rs. 10,000 in furniture. His Trial Balance on December 31, 2020 was drawn as follows:

Particulars	Rs.	Particulars	Rs.
Bad Debts	3,500	Capital	30,000
Stock in Trade	5,000	Creditors	5,000
Furniture	15,000	Loan	2,400
Drawings	4,500	Commission Received	200
Wages	1,800	Sales	28,700
Purchases	18,000		
Advertisement	1,400		
Debtors	9,000		
Cash	3,200		
Interest on Loan	400		
Commission Paid	600		
Miscellaneous Expenses	700		
Insurance Premium	800		
Salaries	2,400		
	66,300		66,300

Prepare Trading Account, Profit and Loss Account for the year ended December 31, 2020 and a Balance Sheet as at December 31, 2020

after taking into consideration the following:

- i) Goods valued at Rs. 15,000 were destroyed by fire; against this an insurance claim of Rs. 10,000 was to be received.
- ii) During the year, proprietor had taken goods of Rs. 2,000 for personal consumption. The value of the remaining stock in hand was Rs. 8,000.
- iii) Depreciate furniture by 10% p.a. The addition to furniture was made on 1st April.
- iv) Mr. S, a debtor for Rs. 2,000 was declared insolvent, only 50 paise in the rupee was receivable against his estate.
- v) Create a provision for doubtful debts at 5% on Debtors.
