



**WEST BENGAL STATE UNIVERSITY**  
BBA Honours 1st Semester Examination, 2020, held in 2021

**BBAACOR02T-BBA (CC2)**

**FINANCIAL ACCOUNTING**

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.  
Candidates should answer in their own words and adhere to the word limit as practicable.  
All symbols are of usual significance.*

**GROUP-A**

**Answer any two questions from the following**

10×2 = 20

1. (a) What do you mean by 'Accounting'? 3+7  
(b) 'The main objective of accounting is to supply information.'— Briefly explain.
  
2. Show journal entries to rectify the following errors assuming that these are detected after the preparation of Trial Balance. 10
  - (i) Return Inward Book was undercast by Rs. 1,500.
  - (ii) Wages paid of Rs. 8,000 to Mr. Basu but debited to his personal account.
  - (iii) A cash sale of Rs. 1,335 duly entered in the Cash Book but posted to sales account as Rs. 2,335.
  - (iv) A purchase of machinery for Rs. 50,500 was entered in the Purchase Day Book as Rs. 15,500.
  - (v) A credit purchase of Rs. 6,000 from B. Roy has been credited to C. Roy.
  
3. R and S are partners sharing profits and losses in the ratio of 3:2. Their capital balances as on April 1, 2019 were Rs. 75,000 and Rs. 60,000 respectively. The partnership agreement provides the following: 10
  - (i) Interest on capital @ 12% p.a.
  - (ii) Interest on drawings @ 9% p.a.
  - (iii) Salary @ Rs. 1,000 p.m. to R.
  - (iv) Out of the net profit, Rs. 18,000 will be distributed between the partners as bonus according to their capital contributions.

The Profit and Loss Account of the firm showed a net profit of Rs. 1,20,000 before making any adjustments as above. R and S withdrew Rs. 12,000 and Rs. 9,000 respectively from the business as drawings during the year. From the above information, you are required to give Profit and Loss Appropriation Account and Partners' Capital Accounts for the year ended on March 31, 2020.

4. Write short notes (any *two*): 5×2 = 10
- (i) Doctrine of Conservatism
  - (ii) Going Concern Concept
  - (iii) Matching Concept
  - (iv) Rules of Debit and Credit
  - (v) Fixed and Fluctuating Capital.
5. (a) State the difference between 'Manufacturing Account' and 'Trading Account'. 3+7
- (b) Explain the importance of 'Management Discussion and Analysis' in the annual reports of companies.
6. A2Z Company Limited has provided the following information for the preparation of cash flow statement for the year ended 31st March, 2020: 10

Particulars	Amount (Rs.)
Net Profit	30,000
Dividend paid	8,400
Income tax paid during the year	4,300
Sale price of assets	300
Depreciation charged to Profit and Loss Account	18,500
Sale price of Investment	25,600
Profit on sale of the Investments	280
Interest income on investments	2,100
Interest paid during the year	9,500
Increase in Working Capital (excluding Cash and Bank Balance)	55,800
Purchase of fixed assets	13,650
Proceeds from long-term borrowings	25,000
Proceeds from short-term borrowings	21,500
Opening Cash and Bank balance	5,000
Closing Cash and Bank balance	?

Prepare the Cash Flow Statement for the year ended on 31st March, 2020 following appropriate Indian Accounting Standards.

### GROUP-B

**Answer any *two* questions from the following**

15×2 = 30

7. (a) X Ltd. purchased 5 trucks at Rs.1,50,000 each on 01.07.2017. It writes off depreciation @ 20% per annum on reduced balance method and closes annual accounts on 31<sup>st</sup> March every year. 10+5
- On 01.10.2019 one of the trucks met an accident and was completely destroyed. Insurance company paid Rs. 64,000 in full settlement of claim for the accident on 01.01.2020. And, on the same day, the company purchased a second-hand Truck for Rs. 76,000 and spent Rs. 24,000 for its installation.
- Show the Truck Account for the years 2017-18, 2018-19 and 2019-20.

- (b) Explain the need for classifying income and expenses into capital and revenue in nature.

8. From the following Trial Balance of Mr. Nandi, prepare a Trading and Profit and Loss Account for the year ended 31.03.2020 and a Balance Sheet as on that date.

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<b>Dr.</b>		<b>Cr.</b>	
<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Opening Stock	32,500	Sales	1,78,000
Drawings	5,000	Purchases Return	1,600
Sales Return	1,400	Discount Received	400
Carriage on Purchases	1,000	Sundry Creditors	20,500
Wages	15,000	Bills Payable	7,500
Machinery	65,000	Capital	55,000
Purchases	54,000		
Salary	9,400		
Insurance	1,200		
Rent	1,600		
Sundry Debtors	43,800		
Bills Receivable	10,500		
Discount allowed	800		
Income Tax	900		
Cash at Bank	6,700		
Furniture	12,000		
Freight	1,700		
Bad Debts	500		
	<b><u>2,63,000</u></b>		<b><u>2,63,000</u></b>

**Adjustments:**

- (i) Write off Rs. 800 as Bad Debts and create a Reserve for Bad Debts at 5%.
- (ii) Prepaid Wages amounts to Rs. 2,600 and rent for four months is outstanding.
- (iii) Depreciation should be charged on machinery and furniture at 10% p.a. and 5% p.a. respectively.
- (iv) Bank has informed that a customer's cheque for Rs. 2,500 has been dishonoured but not yet recorded in the books of Mr. Nandi.
- (v) The Closing Stock on 31.03.2020 was Rs. 34,000.

9. (a) What do you mean by GAAP?

3+12

- (b) Briefly explain the salient features of Indian Accounting Standards 1 (Ind AS 1) on 'Presentation of Financial Statements'.

10. X and Y are the partners of a firm sharing Profits and Losses as 3:2. Their Balance Sheet on 31.03.2020 is as follows:

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital Accounts			Machinery		45,000
X	60,000		Building		50,000
Y	40,000	1,00,000	Stock		26,000
General Reserve		25,000	Debtors	40,000	
			Less: Provision for Bad Debts	<u>4,000</u>	36,000
Creditors		38,000			
Bills Payable		3,000	Cash and Bank Balance		9,000
<b>Total</b>		<b><u>1,66,000</u></b>	<b>Total</b>		<b><u>1,66,000</u></b>

On 01.04.2020, they took C as their new partner on the following conditions:

- Machinery should be depreciated by 10%, building should be increased to Rs. 55,000 and stock should be reduced by Rs. 6,000.
- Provision for bad debts should be increased by Rs. 3,000.
- C will be entitled to 1/5<sup>th</sup> share in the profits of the firm.
- C should bring capital of an amount equal to 25% of the adjusted capitals of the old partners.

Prepare Revaluation Account, Partners' Capital Account and the opening Balance Sheet of the new firm.

11. Briefly discuss the statutory contents of corporate annual reports in India and state their importance to its users.

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- 12.(a) Journalise the following transactions with narrations in the books of a firm:

10+5

- Goods sold on credit to Mr. Kapoor for Rs. 60,000. Central GST of Rs. 7,200 and State GST of Rs. 7,200 was charged on the sale.
- Outstanding municipal tax relating to last year was paid: Rs. 2,200.
- Pre-paid insurance amounts to Rs. 7,500.
- Cash received from a debtor of Rs. 3,000 whose account was written off as bad debt during the last month.
- The proprietor of the firm encashed his personal fixed deposit of Rs. 20,000 and brought that amount into his business.

- (b) Write a short note on 'users of accounting information'.

**N.B. :** Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.

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