



WEST BENGAL STATE UNIVERSITY
BBA Honours 1st Semester Examination, 2021-22

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. What do you mean by Financial Accounting? Briefly explain the importance of Financial Accounting. 2+8
2. ABC Company gives you the following details: 10

Date of Purchase	Cost of Machine (Rs.)
1.4.2019	60,000
1.10.2019	40,000
1.7.2020	20,000

On 1.1.2021, one-third of the machinery which was purchased on 1.4.2019 was sold for Rs. 10,000. The company charges depreciation on Machinery @ 10% p.a. under Straight Line Method. Prepare Machinery Account in the books of the company up to 31.12.2021 assuming that the company closes its books on 31st December every year.

3. Briefly describe the salient provisions of Ind AS 1. 10
4. Show Journal Entries in the books of Mr. Roy to rectify the following errors assuming that these are detected after the preparation of Trial Balance. Also prepare the Suspense Account. 10
 - (i) Return Inward Book was overcast by Rs. 2,000.
 - (ii) Wages paid to Mr. Banerjee for Rs. 1,300 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. 2,600 was passed through Purchase Day Book.
 - (v) A credit purchase of Rs. 2,000 from B. Roy has been credited to C. Roy.

5. Write short notes on the following: (Any *two*) 5+5
 (i) Accounting Equation
 (ii) Principle of Conservatism
 (iii) GAAP.
6. Distinguish between Reserves and Provisions. What do you mean by Adjustment Entries? 8+2

GROUP-B

Answer any *two* questions from the following

15×2 = 30

7. Briefly explain the benefits of Accounting Standard. Write a short note on IFRS. 10+5
8. From the following Trial Balance of Mr. X, prepare a Trading and Profit and Loss Account for the year ended 31.12.2021 and a Balance Sheet as on the date: 4+6+5

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Furniture	10,000	Bills Payable	5,000
Opening Stock	30,000	Purchase Return	1,200
Sundry Debtors	40,000	Capital	70,000
Machinery	50,000	Discount Received	700
Purchases	1,70,000	Sales	2,31,000
Bill Receivable	11,000	Loan from Y	10,000
Carriage Inward	1,300	Sundry Creditors	30,000
Carriage Outward	900	Provision for Bad Debts	1,600
Import Duty	1,600		
Discount Allowed	700		
Sales Return	2,000		
Salaries	12,000		
Wages	10,000		
Cash at Bank	9,000		
Cash in Hand	1,000		
TOTAL	3,49,500	TOTAL	3,49,500

Additional Information:

- (i) Goods for Rs. 10,000 were destroyed by fire and the insurance company admitted a claim of Rs. 6,500.
- (ii) Closing Stock was valued at Rs. 40,000.
- (iii) Wages include Rs. 3,000 paid for Installation of Machinery.
- (iv) Provide Depreciation at 10% p.a. on Machinery and 5% p.a. on Furniture.
- (v) Write off Rs. 1,500 as bad debt and create provision for bad debts at 5% on Debtors.
- (vi) The proprietor has taken over goods for Rs. 2,500 for personal use but not yet recorded in the books.

9. Briefly discuss the causes of charging depreciation on fixed tangible assets. Distinguish between Straight Line Method and Written Down Value Method of charging depreciation.
10. X and Y are the partners of a firm sharing Profits and Losses as 3:2. Their Balance Sheet as on 31.12.2021 is as follows:

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
			Building		30,000
Capital A/Cs			Machinery		25,000
X	40,000		Stock		16,000
Y	20,000	60,000	Debtors	40,000	
Reserves		15,000	Less: Provision for Bad Debts	5,000	35,000
Creditors		38,000	Cash and Bank Balance		9,000
Bills Payable		2,000			
Total		1,15,000	Total		1,15,000

On 1.1.2022, they took Z as their new partner on the following conditions:

- Machinery should be depreciated by 10%, Building should be increased to Rs. 35,000 and Stock should be reduced by Rs. 6,000
- Provision for bad debts should be increased by Rs. 3,000
- Z should bring in capital amounting to 25% of the adjusted capitals of the old partners

Prepare Revaluation Account; Partners' Capital Accounts and the Opening Balance Sheet of the new firm.

11. Write short notes on the following: (Any *two*)

$7\frac{1}{2} \times 2 = 15$

- Advantages of Cash Flow Statement
- Fixed and Fluctuating Capital Accounts
- Bank Reconciliation Statement.

12. A, B and C are the partners sharing profits and losses as 2:2:1. They get interest on their capitals at 5% p.a. and are charged 6% p.a. on their Drawings.

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A and B are paid salary of Rs. 250 and Rs. 150 per month respectively. A paid a loan of Rs. 25,000 on 1st July, 2020 at an interest of 6% on loan. A, B and C withdrew Rs. 10,000, Rs. 8,000 and Rs. 6,000 respectively during 2020. C is entitled to a commission of 2% on total sales. Sales amounted to Rs. 3,46,000. On 1st January, 2020 the capital balances of A, B and C were Rs. 1,00,000, Rs. 80,000 and Rs. 60,000 respectively. The net profit for the year was Rs. 1,00,000.

Prepare Profit & Loss Appropriation Account and the Capital Accounts of the Partners.

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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