

BACHELOR OF BUSINESS ADMINISTRATION
Second Semester
Financial Accounting
(BBA - 09)

Duration: 3Hrs.

Full Marks: 70

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins.

Marks: 50

A. Attempt any five questions:

5×2=10

1. Enumerate the main objectives of accounting.
2. What do you mean by an asset and what are the different types of assets?
3. Why it is necessary for accountants to assume that business entity will remain a going concern?
4. What do you mean by ledger? Give a specimen of ledger.
5. What are the qualitative characteristics of accounting information?
6. Write the difference between depreciation and depletion.
7. Distinguish between straight-line method and written down value method of calculating depreciation.

B. Attempt any five questions

5×3=15

1. "The role of accounting has changed over the period of time". Do you agree? Explain.
2. How will you define revenues and expenses?
3. 'The accounting concepts and accounting standards are generally referred to as the essence of financial accounting'. Comment.
4. Discuss the concept-based on the premise 'do not anticipate profits but provide for all losses'.
5. In case of disagreement of Trial Balance, what steps would you take to locate the errors?
6. Write short notes on marshalling of assets and liabilities for the preparation of final account.
7. Discuss the demerits of sinking fund method of depreciation.

C. Attempt any five questions

5×5=25

1. How does accounting differ from book-keeping? Explain the role of accountants in the present day economy.
2. Write short notes on “the branches of accounting”.
3. Journalize the following transactions of ABC Ltd., Guwahati
2012
 - Mar. 1. Started business with a capital of Rs.1, 40,000.
 - Mar. 2. Deposited into bank Rs. 20,000.
 - Mar. 3. Goods purchased from Mr. James Rs. 6,000.
 - Mar. 4. Sold goods Rs. 4,000.
 - Mar. 5. Sold goods Rs. 2,000 to Mr. Y
 - Mar. 6. Paid electricity bill Rs. 400.
 - Mar. 7. Withdrew Rs. 1,000 from bank for office use.
 - Mar. 31. Paid salary Rs. 12,500
4. Prove that accounting equation is satisfied in the following transactions of Mr. X.
 - i. Commenced business with cash Rs. 80,000.
 - ii. Purchased goods for cash Rs. 40,000 and on credit Rs. 30,000.
 - iii. Sold goods for cash Rs. 40,000 costing Rs. 25,000.
 - iv. Paid salary Rs. 2,000 and salary outstanding Rs. 1,000.
 - v. Bought scooter for personal use for cash at Rs. 20,000.
5. Discuss the various information provided by the balance sheet of a company.
6. A firm purchases a plant for a sum of Rs. 10,000 on 1st January, 2012. Installation charges are Rs. 2,000. The plant is estimated to have a scrap value of Rs. 1,000 at the end of its useful life of 5 years. You are required to prepare a Plant Account for five years, charging depreciation according to Straight Line Method.
7. A firm found that its trial balance on 31.12.2011 did not agree. The difference was transferred to the Capital Account. You are required to pass the necessary correcting entries (without narratives) to rectify the errors in a way not to affect the profit or loss of 2012, the year in which the errors have been discovered.
 - a) While carrying forward the figure of Rs. 459, in the account of Yusuf, a creditor, from one page to another, it was written on Rs. 495 on debit side.
 - b) Sale of office furniture Rs 760 was entered in the sales book as Rs. 670, and was posted in the account of the Purchaser on the credit side.

- c) Cash received Rs 400 from M. Ray was debited to the account of N. Ray in the personal ledger.
- d) Customs Duty Rs. 2,500 paid on plant and equipment was debited to the Customs Duty account as Rs 250.

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(The figures in the margin indicate full marks for the questions)

Duration: 20 minutes

Marks – 20

PART A- Objective Type

Tick the correct options from the following question: 1×20=20

1. Which of the following is not a business transaction?
 - (a) Bought furniture of Rs.10,000 for business
 - (b) Paid for salaries of employees Rs.35,000
 - (c) Paid sons fees from her personal bank account Rs.10,000
 - (d) Paid sons fees from the business Rs.12,000
2. Which is the last step of accounting as a process of information?
 - (a) Recording of data in the books of accounts
 - (b) Preparation of summaries in the form of financial statements
 - (c) Communication of information
 - (d) Analysis and interpretation of information
3. Which qualitative characteristics of accounting information is reflected when accounting information is clearly presented?
 - (a) Understand ability
 - (b) Relevance
 - (c) Comparability
 - (d) Reliability
4. Use of common unit of measurement and common format of reporting promotes;
 - (a) Comparability
 - (b) Understand ability
 - (c) Relevance
 - (d) Reliability

5. During the life-time of an entity accounting produce financial statements in accordance with which basic accounting concept:
- (a) Conservation
 - (b) Matching
 - (c) Accounting period
 - (d) None of the above
6. A concept that a business enterprise will not be sold or liquidated in the near future is known as :
- (a) Going concern
 - (b) Economic entity
 - (c) Monetary unit
 - (d) None of the above
7. Voucher is prepared for:
- (a) Cash received and paid
 - (b) Cash/Credit sales
 - (c) Cash/Credit purchase
 - (d) All of the above
8. A purchase of machine for cash should be debited to:
- (a) Cash account
 - (b) Machine account
 - (c) Purchase account
 - (d) None of these
9. Which of the following is correct?
- (a) Liabilities = Assets + Capital
 - (b) Assets = Liabilities – Capital
 - (c) Capital = Assets – Liabilities
 - (d) Capital = Assets + Liabilities.
10. The book in which all accounts are maintained is known as:
- (a) Cash Book
 - (b) Journal
 - (c) Purchases Book
 - (d) Ledger
11. Recording of transaction in the Journal is called:
- (a) Casting
 - (b) Posting
 - (c) Journalising
 - (d) Recording
12. Agreement of trial balance is affected by:
- (a) One sided errors only.
 - (b) Two sided errors only.
 - (c) Both a and b.
 - (d) None of the above.

13. Which of the following is not an error of principle?
- (a) Purchase of furniture debited to purchases account.
 - (b) Repairs on the overhauling of second hand machinery purchased debited to repairs account.
 - (c) Cash received from Manoj posted to Saroj.
 - (d) Sale of old car credited to sales account.
14. Which of the following is not an error of commission:
- (a) Overcasting of sales book.
 - (b) Credit sales to Ramesh Rs. 5,000 credited to his account.
 - (c) Wrong balancing of machinery account.
 - (d) Cash sales not recorded in cash book.
15. Which of the following is/are correct for a trading account?
- (a) The trading account gives the overall result of purchasing of goods.
 - (b) The trading account gives the overall result of selling of goods.
 - (c) Both (a) and (b)
 - (d) None of the above
16. Interest on drawing is
- (a) Expenditure for the business
 - (b) Income for the business
 - (c) Gain for the business
 - (d) None of the above
17. Outstanding salaries are shown as
- (a) An expense
 - (b) A liability
 - (c) An asset
 - (d) None of the above
18. Depreciation is the process of
- (a) Apportionment of the cost of the asset over its useful life.
 - (b) Valuation of assets.
 - (c) Maintenance of assets in the state of efficiency.
 - (d) None of the above.
19. In the case of annuity method of calculating depreciation, the amount of depreciation
- (a) Increases every year.
 - (b) Fixed for all the years.
 - (c) Decreases every year.
 - (d) None of the above.
20. Machine-hour rate method of charging depreciation is useful when the
- (a) Output can be effectively measured.
 - (b) Use of the asset can be measured in terms of time.
 - (c) Utility of the asset can be directly related to its productive use.
 - (d) None of the above.
