

BACHELOR OF BUSINESS ADMINISTRATION
THIRD SEMESTER
FINANCIAL ACCOUNTING
BBA – 302

**SET
B**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. An amount of loan taken from SBI bank is treated as
 - a. Liability
 - b. Asset
 - c. Capital
 - d. Revenue
2. Interest received is treated as a/an
 - a. Expense
 - b. Revenue
 - c. Asset
 - d. Loss
3. When the credit balance of trading A/c is excess, it is
 - a. Gross Profit
 - b. Net Loss
 - c. Gross Loss
 - d. Net Profit
4. Which of the following is a current liability?
 - a. Building
 - b. Creditor
 - c. Bills Receivable
 - d. Bank Loan
5. What is the formula for calculating Cost of Goods sold?
 - a. Opening stock + Purchase - Closing stock
 - b. Assets - Liabilities
 - c. Liabilities - Equity
 - d. Equity - Revenue
6. What is the normal balance of Asset account?
 - a. Debit
 - b. Both Debit & Credit
 - c. Credit
 - d. None of the Above
7. Which accounting principle states that expenses should be recognized in the period in which they are incurred, regardless of when the cash is paid?
 - a. Matching Principle
 - b. Revenue Recognition Principle
 - c. Accrual Principle
 - d. Historical Cost Principle
8. Rule for Liability is
 - a. Increase credit decrease debit
 - b. Increase debit decrease credit
 - c. Increase credit decrease credit
 - d. None of the above
9. Which account would be debited in a journal entry for the purchase of furniture on credit?
 - a. Furniture
 - b. Purchase
 - c. Cash
 - d. Accounts Receivable

10. If a business pays wages for cash, which accounts are affected
- | | |
|--------------------------------------|---|
| a. Wages and Cash | b. Rent Revenue and Cash |
| c. Rent Expense and Accounts Payable | d. Rent Revenue and Accounts Receivable |
11. In Accounting, we follow the accounting equation
- | | |
|--------------------------|-----------------------------------|
| a. Assets = Liabilities | b. Assets = Liabilities + Capital |
| c. Liabilities = Capital | d. Revenue = Expenses |
12. The full form of GAAP is
- | | |
|--|---|
| a. Generally Accepted Accounting Principles | b. Generally Acknowledged Accounting Procedures |
| c. Generally Authorized Accounting Practices | d. Generally Applied Accounting Protocols |
13. 'For every debit has a corresponding credit', follows the principle of
- | | |
|------------------------------|------------------------------|
| a. Accounting Entity Concept | b. Money Measurement Concept |
| c. Dual Aspect Concept | d. None of the Above |
14. What is the purpose of the trial balance in accounting?
- | | |
|------------------------------------|---|
| a. To prepare financial statements | b. To ensure that debits equal credits |
| c. To record adjusting entries | d. To close the books at the end of the accounting period |
15. When the Owner invest money in his business it is treated as
- | | |
|------------|-------------|
| a. Capital | b. Drawings |
| c. Expense | d. Asset |
16. Rent paid is an item of
- | | |
|------------|------------|
| a. Asset | b. Revenue |
| c. Expense | d. Capital |
17. Interest Received is an item of
- | | |
|------------|--------------|
| a. Revenue | b. Expense |
| c. Asset | d. Liability |
18. Gradual decrease in the value of fixed Asset means
- | | |
|-----------------|-----------------|
| a. Depreciation | b. Amortization |
| c. Appreciation | d. Obsolescence |
19. Coal, water and gas are the item of
- | | |
|--------------------|--------------------------|
| a. Trading Account | b. Profit & Loss Account |
| c. Ledger | d. Journal |
20. Interest on bank loan is shown in debit side of
- | | |
|------------------|----------------------|
| a. Trading A/c | b. Profit & Loss A/c |
| c. Balance Sheet | d. None of above |

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. What are the causes of depreciation? Explain the straight line method of 5+5=10 calculating depreciation

2. Journalise the following transactions in the books of Bishal Mart during the month of April, 2023 10
01.4.2023 Business started with cash Rs.200000
01.4.2023 Goods purchased from KasturiRs. 42000
01.4.2023 Stationery purchased for cash Rs. 3200
02.4.2023 Open a bank account with Axis Bank for Rs. 35,000.
02.4.2023 Goods sold to Sahanoor on credit for Rs. 23,000.
05.4.2023 Sold goods to Nikita Rs. 16,000.
10.4.2023 Purchased goods for Rs. 20,000 on credit from Muktar.
14.4.2023 Insurance paid by chequeRs. 6,000.
18.4.2023 Paid rent Rs. 2,000.
24.4.2023 Purchased office furniture for Rs. 11,200.

3. Prepare a trial balance as at March 31, 2023 based on the following balances: 10
Capital Rs.1,00,000
Drawings Rs.16,000
Machinery Rs.20,000
Sales Rs.2,00,000
Purchases Rs.2,10,000
Sales return Rs.20,000
Purchases return Rs.30,000
Wages Rs.40,000
Goodwill Rs.60,000
Interest received Rs.15,000
Discount allowed Rs.6,000
Bank overdraft Rs.22,000
Bank loan Rs.90,000
Debtors : Nathu Rs.55,000 Roopa Rs.20,000
Creditors : Reena Rs.35,000 Ganesh Rs.25,000
Cash Rs.54,000
Stock Rs.16,000

4. On 1st November 2019, XYZ Ltd. purchased a Machinery valued Rs.80000 and its installation charges Rs.20000. Depreciation was charged @10% p.a. on diminishing balance method. A new Machinery was purchased on 1st April 2021 at Rs.56000. On 1st April 2022, the Machinery that was purchased on 1st October 2018 was sold for Rs.87000. Show the calculation of Depreciation and Prepare Machinery Account (ledger), upto 31st March 2023. Books of accounts are closed on 31st March every year. 10

5. Prepar Cash Account (Ledger) and Bank Account (Ledger) as on 31st March 5+5=10
2023, from the following transactions:
- 01/03/2023: Cash Deposited into Bank Rs.50000
02/03/2023: Purchase of Good for Cash Rs.34000
03/03/2023: Purchase of goods for cash and Payment made by cheque
Rs.23000
04/03/2023: Goods sold for cash Rs.10000
05/03/2023: Received Cash from Mrinal Rs.5000
06/03/2023: Cash withdrawn from Bank Rs 15000
07/03/2023: A customer Ravi directly deposited amount into bank Rs.23000
08/03/2023: Commission received for cash Rs.400
09/03/2023: Withdrawn from bank for proprietor's personal use Rs.3000
10/03/2023: Rent paid in cash Rs.4000
6. Write Short Note on: 10
Accounting Entity Concept
Going Concern Concept
Cost Principle
7. From the following balances prepare a Trading and Profit and loss Account 10
and Balance Sheet for the year ended on 31st March 2023.

Particulars	Amount	Particulars	Amount
Carriage on Purchase	8000	Cash in hand	2500
Carriage on sales	3500	Bank overdraft	30000
Manufacturing expenses	42000	Motor car	60000
Advertisement	7000	Drawings	8000
Excise duty	6000	Audit fees	2700
Factory Rent	4400	Plant	153900
Debtors	80000	Repairs on plant	2200
Creditors	61000	Purchase less return	236000
Dock and clearing charges	5200	Commission on purchase	2000
Postage & telegram	800	Trade expenses	3200
Fire insurance premium	3600	Investment	30000
Patents	12000	Interest on investment	4500
Income tax	24000	Capital	100000
Office expenses	7200	Sales less return	520000
		Sales tax paid	12000
		Discount allowed	2700
		Discount on purchase	3400

Additional Information: Closing Stock 76000

8. Explain the different types of Accounting Errors? 10

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