



## **BRAINWARE UNIVERSITY**

**Course – BBA**

**Basic Financial Accounting (BBA 102 / BBAC102)**

**(Semester – 1)**

**Time allotted: 3 Hours**

**Full Marks: 70**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

### **Group –A**

**(Multiple Choice Type Question)**

**1. Choose the correct alternatives for the following:**

**10 x 1 = 10**

- I. The personal expenditure of the proprietor is considered as business expenditure, which of the following concept was violated
  - a) Separate entity
  - b) Periodic
  - c) Dual
  - d) Accrual
  
- II. Which of the following is the outcome of convention of conservatism
  - a) Provision for bad and doubtful debt
  - b) Bad debt
  - c) Discount to debtors
  - d) None
  
- III. Which of the following is wrong?
  - a) All real and personal accounts are transferred to balance sheet
  - b) Nominal accounts are transferred to P & L account
  - c) Each account is opened separately in ledger
  - d) Rent is a personal account, outstanding rent is nominal account
  
- IV. Which of the following is a liquidity ratio
  - a) Current ratio
  - b) Debt equity ratio
  - c) Gross profit ratio
  - d) None
  
- V. The proprietor of the business is treated as creditor for the capital introduced by him due to

- a) Money measurement Concept
  - b) Cost Concept
  - c) Entity Concept
  - d) Dual aspect Concept
- VI. Amount spent to increasing the earning capacity is a \_\_\_\_\_ expenditure
- a) Capital
  - b) Revenue
  - c) Deferred revenue
  - d) Capital Loss
- VII. The ability of a company to judge its profit margin is
- a) Liquidity ratio
  - b) Solvency ratio
  - c) Profitability ratio
  - d) All of the above
- VIII. Cash flow for payment of direct wages comes under
- a) Cash flow from operating activity
  - b) Cash flow from financial activity
  - c) Both of the above
  - d) None of the above
- IX. Payment of wages for installation of machine is a
- a) Capital expenditure
  - b) Revenue expenditure
  - c) Recurring expenditure
  - d) None of the above
- X. Cash outlay for purchase of a fixed asset comes under the head
- a) Cash flow from operating activity
  - b) Cash flow from financial activity
  - c) Cash flow from investment activity
  - d) All of the above

### Group- B

(Short Answer Type Questions)

**Answer any three of the following**

**3 x 5 = 15**

2. From the following information you are required to calculate depreciation rate under SLM and WDV Method.

Cost of the Machine		Rs.100000
Estimated Useful Life	3 years	
Estimated Scrap or Salvage Value		Rs.10000

3. “A trader purchases goods for Rs. 2500000, of these 70% of goods were sold during the year. At the end of 31st December 2009, the market value of such goods was Rs. 500000. But the trader recorded in his books for Rs. 750000” – Comment on this.
4. State the limitations of accounting information system.
5. Journalize the following transaction in the books of ABC limited:
- 1/1/2010 started business with cash amounting Rs. 100,000 and machinery amounting RS 50000
  - 5/5/2010- open a bank account with office cash amounting Rs. 20000
  - 7/1/2010- purchased goods amounting Rs 10000
  - 10/1/2010-pur chased goods from ABC limited amounting RS 20,000 on credit
  - 12/1/2010- sold goods to MNO limited amounting Rs 30,000 on credit
  - 15/1/2010- purchased furniture amounting Rs. 5000

**Group- C**  
**(Long Answer Type Questions)**

**Answer any three of the following**

**3 x 15 = 45**

6. i) A company purchased a second hand machine 1<sup>st</sup> January 2000 for Rs. 37000. and immediately spend Rs. 2000 on this repair and Rs 1000 on its installation . On 1<sup>st</sup> 2001 it purchased another machine for Rs 10,000 and On 1<sup>st</sup> July 2002 bought machinery for Rs 30,000. Depreciation was provided on machinery @10% per annum. On the original cost of annually on 31<sup>st</sup> December every year. On 31<sup>st</sup> July 2002 it is sold a machine and bought on 1<sup>st</sup> January 2000 for Rs 25000 with effect from 1<sup>st</sup> January 2003. The company change the method of depreciation and adopted written down value method @15% per annum. Show the machinery a/c up to 31<sup>st</sup> December 2003.

ii) Discuss the significance of accounting principle.

[8+7]

7. i) The following balances are extracted from the trail balance of Mohan Motors LTD. as on 31st March 2016

Debtors –Rs 28,000

Bad Debt – Rs 20,000

Provision for Bad/doubtful Debt (credit Balance)- Rs 25,000

From further investigation it was revealed that addition Rs 3000 will be Bad Debts. From the past experience you need to make provision of 5% of debtors for bad and doubtful debtors. Journalize the above transaction and show the impact of those transactions in profit and loss a/c.

ii) State the significance of accounting information system?

[8+7]

8. From the following Trail Balance of Mr. Shane Warne as on 31.3.2017 prepare Final Accounts:

Particulars	Debit Rs	Credit Rs
Capital Account	-	120000
Drawings	15000	
Bills Receivable	22000	
Machinery	20000	
Debtors & Creditors	60000	58000
Wages	39000	
Purchases & Sales	252000	
Commission	-	5500
Rent & rates	6000	
Stock as on 1.4.2016	90000	
Salaries	10500	
Travelling Expenses	2000	
Insurance	600	
Repairs	3400	
Bad Debts	3500	
Furniture	9000	
Returns	5000	2000
Cash in Hand	2500	
	<b>540500</b>	<b>540500</b>

Adjustments:

- Closing stock was Rs.100000
- Create 5% provision on debtors for doubtful debts.
- Prepaid insurance amounted to Rs. 100
- Wages outstanding was Rs. 1000
- Depreciation on Machinery @ 5% and Furniture by @ 10% p.a.

[15]

9. Write short notes on the following: (give appropriate examples)

- Convention of materiality
- Current assets Vs. Fixed assets
- Separate entity concept

[5x3=15]