



BRAINWARE UNIVERSITY

Term End Examination 2019 – 20

Programme – Bachelor of Business Administration & Bachelor of Law

Course Name – Accountancy and Finance

Course Code – BBALLB102

(Semester – 1)

Time allotted: 2 Hours 30 Minutes

Full Marks: 60

[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)

20 x 1 = 20

1. Answer any *twenty* from the following
 - (i) The long term assets that have no physical existence but are rights that have value is known as

a. Current assets	b. Fixed assets
c. Intangible assets	d. Investmentss
 - (ii) The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as

a. Current assets	b. Fixed assets
c. Intangible assets	d. Investments
 - (iii) The liabilities that are payable in more than a year and are not be liquidated from current assets

a. Current liabilities	b. Fixed liabilities
c. Contingent liabilities	d. All of the above
 - (iv) The sales income (Credit and Cash) of a business during a given period is called

a. Transactions	b. Sales returns
c. Turnover	d. Purchase returns
 - (v) Real accounts records

a. Dealings with creditors or debtors	b. Dealings in commodities
c. Gains and losses	d. All of the above

- (vi) The following is a statement showing the financial status of the company at any given time
- | | |
|--------------------|-------------------------------|
| a. Trading account | b. Profit and Loss statements |
| c. Balance sheet | d. Cash book |
- (vii) The following is a statement of revenues and expenses for a specific period of time
- | | |
|-------------------------------|------------------|
| a. Trading account | b. Trial balance |
| c. Profit and loss statements | d. Balance sheet |
- (viii) The ratios that refer to the ability of the firm to meet the short term obligations out of its short term resources
- | | |
|--------------------|-------------------------|
| a. Liquidity ratio | b. Leverage ratios |
| c. Activity ratios | d. Profitability ratios |
- (ix) Current ratio
- | | |
|---------------------------------------|---|
| a. Quick assets / Current liabilities | b. Current assets / Current liabilities |
| c. Debt. / Equity | d. Current assets / Equity |
- (x) The following is also known as External Internal Equity ratio
- | | |
|----------------------|--------------------------------|
| a. Current ratio | b. Acid test ratio |
| c. Debt Equity ratio | d. Debt service coverage ratio |
- (xi) Revenue is
- | | |
|--|---------------------------------------|
| a. Decrease in Shareholder' Equity | b. Cost of business |
| c. Has no impact on Shareholders' Equity | d. Increases the Shareholders' Equity |
- (xii) Which of the following item of revenue nature
- | | |
|---------------------|-------------------------------------|
| a. Dividend Payable | b. Rent Paid |
| c. Fee Earned | d. Payment for Building Improvement |
- (xiii) Depreciation is not charged on _____.
- | | |
|--------------|----------------------|
| a. New Asset | b. Land |
| c. Building | d. None of the above |
- (xiv) A trader has made a sale of Rs.75,500 out of which cash sales amounted to Rs.25,500. He showed trade receivables on 31-3-2014 at Rs.25,500. Which concept is followed by him?
- | | |
|------------------|----------------------|
| a. Going concern | b. Cost |
| c. Accrual | d. Money measurement |

- (xv) Rohit carrying on real estate business sold a piece of land for Rs.4,00,00,000 (cost Rs.3,50,00,000) then the type of receipt is _____ nature and profit on sale is
- | | |
|---|---|
| a. Capital & transferred to capital reserve | b. Revenue & transferred to P & L a/c |
| c. Capital & transferred to P & L a/c | d. Revenue & transferred to general reserve |
- (xvi) 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. Which of the following concept is violated?
- | | |
|----------------------|------------------|
| a. Money measurement | b. Conservatism |
| c. Consistency | d. None of these |
- (xvii) If nothing is given in the financial statements about the three accounting assumptions then it is to be treated as it
- | | |
|---|------------------------------|
| a. Is assumed that it is not followed | b. Is assumed to be followed |
| c. Is assumed to be followed to some extent | d. None of the above |
- (xviii) Which accounting concept specifies the practice of crediting closing stock to the trading account?
- | | |
|------------------|----------------|
| a. Cost | b. Realization |
| c. Going Concern | d. Matching |
- (xix) If one of the cars purchased by a car dealer is used for business purpose, instead of resale, then it should be recorded by_____
- | | |
|--|--|
| a. Dr Drawing A/c & Cr Purchases A/c | b. Dr Office Expenses A/c & Cr Motor Car A/c |
| c. Dr Motor Car A/c & Cr Purchases A/c | d. Dr Motor Car & Cr Sales A/c |
- (xx) Provision for discount on debtors is calculated on the amount of debtors.
- | | |
|--|---|
| a. Before deducting provision for doubtful debts. | b. After deducting provision for doubtful debts |
| c. Before deducting actual debts and provision for doubtful debts. | d. After adding actual bad and doubtful debts. |
- (xxi) Cost concept basically recognizes _____
- | | |
|----------------------|---------------------|
| a. Fair Market value | b. Historical cost |
| c. Realizable value | d. Replacement cost |

- (xxii) Matching concept means
- | | |
|--|---|
| a. Assets = capital + liabilities | b. Transactions recorded at accrual concept |
| c. Anticipate no profit but recognize all losses | d. Expenses should be matched with the revenue of the period. |
- (xxiii) Time value of money supports the comparison of cash flows recorded at different time period by
- | | |
|---|---|
| a. Discounting all cash flows to a common point of time | b. Compounding all cash flows to a common point of time |
| c. Using either a or b | d. None of the above. |
- (xxiv) Mr. X takes a loan of Rs 50,000 from HDFC Bank. The rate of interest is 10% per annum. The first installment will be paid at the end of year 5. Determine the amount of equal annual installments if Mr. X wishes to repay the amount in five installments.
- | | |
|-------------|----------------------|
| a. Rs 19500 | b. Rs 19400 |
| c. Rs 19310 | d. None of the above |
- (xxv) In internal rate of returns, discount rate which forces net present values to become zero is classified as
- | | |
|----------------------------|----------------------------|
| a. Positive rate of return | b. Negative rate of return |
| c. External rate of return | d. Internal rate of return |

Group – B

(Short Answer Type Questions)

4 x 5 = 20

Answer any *four* from the following

- | | | |
|----|---|---|
| 2. | Journalize the following :
2019
Nov. 1 Paid to Arun Rs. 5,250 discount allowed by him Rs.50
6 Received from Somesh Rs. 1,900 and from Komesh Rs. 400
8 Goods purchased for cash Rs. 4,000
Furniture purchased for cash Rs. 3,000
Paid cash to Raman Rs. 2,090
Paid Salary in cash Rs. 7,600
Paid Rent in cash Rs. 1,400 | 5 |
| 3. | Mr. Shyam deposits Rs. 5,000, Rs. 10,000, Rs. 15,000, Rs. 20,000 and Rs. 25,000 in his savings bank account in year 1,2,3,4 and 5 respectively. Interest rate of 6 %, he wants to know his future value of deposits at the end of 5 years. | 5 |
| 4. | You have Rs. 10, 00,000 today and you deposit it with a financial institute, which pay 8 % compound interest for a period of 5 years. Show how the deposit will grow. | 5 |

5. C Ltd. employs a manager who is entitled to a salary of Rs 1, 20,000 per month, and in addition, to a commission of 2 per cent of the net profit of the company before such salary or commission. 5

Commission to Manager (on account)		1,40
Depreciation		11,00
Other expenses	3	14,60
		<u>2,69,60</u>
V. Profit before tax (III- IV)		75,40
VI. Provision for income tax for the year @ 31%		23,37
VII. Profit for the period (V -VI)		52,03

Notes:

1. Revenue from Operations		
Sale of goods		3,30,00
Excess of closing stock over opening stock		2,00
		<u>3,32,00</u>
2. Other Income		
Subsidy from State Government		5,00
Profit on sale of machinery (Sale proceeds – written down value)		8,00
		<u>13,00</u>
3. Other Expenses		
General Expenses		12,60
Charitable Donation		2,00
		<u>14,60</u>

The amount realized on sale of plant and machinery is ₹32 Lakh while the cost is ₹30 Lakh. The effective capital of the company is ₹25 Crore. Calculate Commission payable to manager.

6. The Balance of Debtors account stands on 01.04.2017 as ₹50,000. The Credit sales for the year are ₹25,000, during the year collection from Debtors ₹17,000. Bad Debt during the year is ₹2,000. Provision for Doubtful Debts is ascertained as 2% and Provision for Discount on Debtors is 1%. Calculate the Balance of Debtors as on 31.03.2018. 5
7. Mr. Jayanta Sinha a salesman gets a fixed salary of ₹400 per month plus a bonus of 20% of the net profits computed after charging such salary and bonus. Profits for a particular year prior to charging Mr. Sinha's salary and bonus is ₹28,800. Calculate the amount due to Mr. Sinha. 5

Group – C

(Long Answer Type Questions)

2 x 10 = 20

Answer any *two* from the following

8. Construct a Cash Book from the following details in the books of Maximus Pvt. Ltd. 10
2019
 March 1 – Opening Balance of Cash - ₹52,000, SBI - ₹27,000
 March 2 – Opened a current account with UBI by transferring from SBI ₹5,000
 March 7 – Purchased goods for ₹75,000 from Datta & Co., 50% of which paid by cash, rest is on credit and 2% trade discount received.
 March 10 – Purchased stationery for home use of the owner ₹500
 March 12 – Sold goods for ₹2, 90,000 to Mohan Ltd., 65% of which received on the date of sale and 50% which is transferred to UBI on the same date. Rest is on credit.
 March 20 – Cheque received from debtors in full settlement of the dues.
 March 22 – Cheque received on March 20 deposited in to bank.
 March 24 – Another cheque received from Mr. Patil for services performed earlier amounting to ₹ 35,000 and same has been deposited in to UBI and SBI in equal amount.
 March 27 – Paid to creditors in full settlement of their dues from SBI.
 March 30 – It is decided that the Cash Balance should be kept at ₹5,000 and if there is any excess, then that amount will be transferred to UBI.
9. From the following figures construct Financial Statement for M/S Mittal Bros. as on 10
31.03.2019

	Dr.	Cr.
Particulars	Amount (₹)	Amount (₹)
Capital		1,72,000
Cash in Hand	4,500	
Cash at Bank	19,600	
Purchase and Sales	1,22,000	2,37,000
Payment to Labors	34,000	
Power and Fuel	9,600	
Payment to Administrative Workers	20,000	
Carriage Outward	2,400	
Carriage for Purchases	5,000	
Stock (31.03.2018)	14,600	
Building	80,000	
Plant and Machinery	50,000	
Furniture	12,000	
Debtors and Creditors	30,000	18,000
Selling and Distribution Expenses	6,300	
Insurance	1,400	
Commission		2,400
Drawings	18,000	

Additional Information:

- i) Stock on 31.03.2019 valued at ₹18,000 (Market Value ₹28,000).
- ii) Building, Plant and Machinery and Furniture are to be depreciated by Rs. 4,000, Rs. 5,000 and Rs. 1,200 respectively.
- iii) Calculate interest on Capital and Drawings by 5%.
- iv) Commission earned but not received Rs. 600.
- v) The figure of Sundry Creditors includes an amount of Rs. 2,000 received from Rahul and credited to his account. The amount was written off as a bad debt in the previous year.
- vi) The Manager is entitled to a commission of 10% on the net profit before charging such commission.

10. The following were the balances extracted from the books of Yogita as on March 31, 2014: 10

Debit Balances	Amount Rs.	Credit Balances	Amount Rs.
Cash in hand	540	Sales	98,780
Cash at bank	2,630	Return outwards	500
Purchases	40,675	Capital	62,000
Return inwards	680	Sundry creditors	6,300
Wages	8,480	Rent	9,000
Fuel and Power	4,730		
Carriage on sales	3200		
Carriage on purchases	2040		
Opening stock	5,760		
Building	32,000		
Freehold land	10,000		
Machinery	20,000		
Salaries	15,000		
Patents	7,500		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Sundry debtors	14,500		

Taking into account the following adjustments prepare trading and profit and loss account and balance sheet as on March 31, 2014 :

- (a) Stock in hand on March 31, 2014, was Rs. 6,800.
- (b) Machinery is to be depreciated at the rate of 10% and patents @ 20%.
- (c) Salaries for the month of March, 2014 amounting to Rs. 1,500 were outstanding.
- (d) Insurance includes a premium of Rs. 170 on a policy expiring on September 30, 2014.
- (e) Further bad debts are Rs. 725. Create a provision @ 5% on debtors.
- (f) Rent receivable Rs. 1,000.

11. From the following balances, prepare the trading and profit and loss account and balance sheet as on March 31, 2014. 10

XYZ Ltd. has obtained the following data concerning the average working capital cycle for other companies in the same industry :

Raw material stock turnover	20 Days
Credit received	40 Days
Work-in-Progress Turnover	15 Days
Finished goods stock turnover	40 Days
Debtors' collection period	<u>60 Days</u>
	<u>95 Days</u>

Using the following data, calculate the current working capital cycle for XYZ Ltd. And briefly comment on it.

	(Rs. in '000)
Sales	3,000
Cost of Production	2,100
Purchase	600
Average raw material stock	80
Average work-in-progress	85
Average finished goods stock	180
Average creditors	90
Average debtors	350
