



## BRAINWARE UNIVERSITY

Term End Examination 2024-2025

Programme – M.Com.(BFA)-2024

Course Name – Advanced Accounting

Course Code - MBF10103

( Semester I )

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Brainware University  
338, Ramkrishna Road, Baran  
Kolkata - 700 025

Full Marks : 60

Time : 2:30 Hours

[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 x 15=15

1. Choose the correct alternative from the following :

- (i) Basic function of financial accounting is
  - a) record all business transactions
  - b) Interpret financial data
  - c) assist the management
  - d) none of these
- (ii) State which of the following is not a long-term liability
  - a) creditors
  - b) long term loan
  - c) debentures
  - d) capital
- (iii) Cash, goods or assets invested by the proprietor in the business for earning profit is called
  - a) profit
  - b) capital
  - c) fixed assets
  - d) none of these
- (iv) Copyrights, Patents and Trademarks are examples of
  - a) Intangible assets
  - b) current assets
  - c) fixed assets
  - d) Investments
- (v) The debts State which are to be repaid within a short period (a year or less) are referred to as,
  - a) current liability
  - b) non current liability
  - c) contingent liability
  - d) All of these
- (vi) State which of the following is the objective of IFRS.
  - a) To harmonize accounting standards globally
  - b) To increase tax revenues
  - c) To reduce financial reporting requirements
  - d) To enhance financial complexity
- (vii) Choose the correct option from the following statement.
  - a) Income tax is a trade expense
  - b) closing stock shown in trial balance is recorded in balance sheet
  - c) prepaid expenses account is a nominal account
  - d) none of these

- (viii) Debit what comes in and credit what goes out is the rule of
- Real Account
  - nominal account
  - personal account
  - assets account
- (ix) Select which of the ratios measures a company efficiency in managing its inventory
- Return on Assets
  - Inventory Turnover Ratio
  - Debt Ratio
  - Earnings per Share
- (x) Choose which of the following statements about cash flow is true.
- It includes non-cash transactions
  - It only measures past performance
  - It shows how cash is generated and used
  - It is the same as net income
- (xi) Select the main purpose of the trial balance.
- to record all transactions
  - To verify that debits equal credits
  - To calculate tax liabilities
  - To prepare financial statements
- (xii) Choose which economic factor has a significant impact on the accounting environment.
- National sport
  - Inflation rate
  - Currency design
  - Weather patterns
- (xiii) State reason why companies prepare a specific purpose report.
- To fulfill legal obligations
  - To provide financial data to all investors
  - To inform a specific business decision or transaction
  - To submit information to regulatory bodies
- (xiv) In a double-entry accounting system, what does each transaction affect.
- Only assets
  - At least two accounts
  - Only the income statement
  - The inventory system
- (xv) State which of the following is concerned with the acquisition, financing, and management of assets with some overall goal in mind
- Financial management
  - Profit maximization
  - Agency theory
  - Social responsibility

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#### Group-B

(Short Answer Type Questions)

3 x 5=15

- State the advantages of accounting. (3)
- Explain the following accounting terminology: Voucher, Accrued Income, Goodwill. (3)
- Analyze the importance of trial balance in the accounting process. (3)
- A company has cash of 20,000, accounts receivable of 30,000, and inventory of 50,000. The current liabilities are 40,000. Calculate the quick ratio. (3)
- Explain the term accounting standards. (3)

OR

Explain General Purpose Financial report. (3)

#### Group-C

(Long Answer Type Questions)

5 x 6=30

- Describe the significance of Generally Accepted Accounting Principles. (5)
- Contrast between Cost accounting and Financial accounting. (5)
- Jaya Singh is a sole proprietor having a store. Following are the transactions during the month of January, 2023. Record the Journal entries. Jan 1 Commenced business with cash 80,000; Jan 2 Deposited cash with bank 40,000; Jan 3 Purchased goods by paying cash 5,000; Jan 4 Purchased goods from Lipton & Co. on credit 10,000; Jan 5 Sold goods to Joy and received cash 11,000; Jan 6 Paid salaries by cash 5,000; Jan 7 Paid Lipton & Co. by cheque 10,000; Jan 8 Bought furniture by cash 4,000; Jan 9 Paid electricity charges by cash 1,000; Jan 10 Bank paid insurance premium on furniture as per standing instructions 300 (5)

10. On 1st April, 2019, X Ltd. purchased a machine costing ₹ 4,00,000 and spent ₹ 50,000 on its installation. The estimated life of the machinery is 10 years, after which its residual value will be ₹ 50,000 only. predict the amount of annual depreciation according to the Fixed Instalment Method and show Machinery Account for the first three years. The books are closed on 31st March every year. (5)
11. This information is provided by Mr. Neelesh Stock on 01.04.2020 ₹ 20,000; During the year Sales was ₹ 4,06,000; Purchases ₹2,94,000; Carriage Inwards ₹ 8,000; Clearing charges ₹10,000; Dock Charges ₹2,000 Sales Return ₹6,000; Purchases Return ₹ 4,000; Stock on 31.03.2021 was ₹ 30,000. prepare Trading Account for the year ending 31.03.2021. (5)
12. Explain Trading and Profit or Loss account. (5)

OR

Classify the following items under capital expenditure or revenue expenditure or deferred revenue expenditure. Hari & Co. incurred the following expenses during the year 2021 i. Rs.750 spent towards replacement of a worn-out part in machinery. ii. Rs.1,500 spent for legal expenses in relation to raising of a loan for the business. iii. Rs.300 spent for ordinary repairs of plant. iv. Rs.6,000 spent on replacing a petrol driven engine by a diesel driven engine. v. Electricity charges Rs.1,200 per month (5)

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