

**2024**

**BUSINESS ADMINISTRATION — HONOURS**

**Paper : BBAA-301-CC3**

**(Fundamentals of Financial Accounting)**

**Full Marks : 75**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

**Section - A**

1. Answer **any ten** questions :

2×10

- (a) Define Journal.
- (b) Who are the users of Accounting Information?
- (c) What is meant by Accounting Cycle?
- (d) Define Depreciation.
- (e) State the Accounting Equation.
- (f) Provide the primary rule of debit and credit in accounting.
- (g) Explain FIFO method of valuing inventory in brief.
- (h) How do you define a Trail Balance?
- (i) Why Trading Account is prepared?
- (j) Using accounting equation, calculate the value of creditors from the following data :  
Total Asset ₹ 1,50,000 and Capital ₹ 75,000.
- (k) State the causes of depreciation.
- (l) Provide the objectives of issuing Accounting Standards.
- (m) Compute the amount of Depreciation :  
Cost of machine ₹ 96,000, Installation ₹ 9,000, Residual value ₹ 5,000 and estimated working life of machine is 10 years.
- (n) Define Assets.
- (o) Calculate the Cost of Goods Sold (COGS) :  
Opening stock ₹ 25,000, Purchases ₹ 75,000, Direct expenses ₹ 10,000, Closing stock ₹ 20,000.

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## Section - B

Answer *any five* questions.

2. The following balances are extracted from the books of Ashok and sons as on 31st March, 2024. You are required to prepare a Trail Balance therefrom : 5

Capital ₹ 39,000, stock on 01.4.23 ₹ 2,500, Household Premises ₹ 23,000, Furniture ₹ 6,750, Machinery ₹ 17,500, Purchases ₹ 39,450, Sales 65,310, Discount Received ₹ 235, Discount allowed ₹ 270, Carriage Outwards ₹ 60, Freight ₹ 115, Sales Return ₹ 750, Rates and Taxes ₹ 685, Rent Payable ₹ 265, Miscellaneous-Expenses ₹ 830, Trade Creditor ₹ 11,380, Book Debts ₹ 17,000, Purchase Returns ₹ 190, Wages ₹ 8,840, Drawings ₹ 1,500, Bills Payable ₹ 570, Cash in Hand ₹ 600, Bank Loan ₹ 2,900, Closing Stock ₹ 1,850.

3. Calculate Gross Profit on the basis of the following information : 5

₹	
Purchases	6,80,000
Return Outwards	30,000
Carriage Inwards	20,000
Carriage Outwards	15,000
Wages	50,000

3/4 of the goods are sold for ₹ 6,00,000.

4. Write short notes on : 3+2

- (a) GAAP  
(b) Ind-AS.

5. Following information about Raw Materials are available in respect of a manufacturing concern : 5

01.5.2023	Purchased 3,000 kgs, @ ₹ 15 per kg
03.5.2023	Purchased 5,000 kgs, @ ₹ 16 per kg
07.5.2023	Issued 5,000 kgs
08.5.2023	Purchased 2,000 kgs, @ ₹ 18 per kg

Determine the value of stock on May 08, 2023 under LIFO Method.

6. What are the qualitative characteristics of accounting information? Who are the users of accounting information? 3+2
7. 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. Find the amount of annual depreciation according to the Fixed Instalment Method and prepare Machinery Account for the first three years. The books are closed on 31st March every year. 5
8. What is Perpetual Inventory System? Compare it with Periodic Inventory System. 5

(3)

ABB(3rd Sm.)-Business Admn.-H/BBA-301-CC3/CCF

9. Prepare Trading Account for the year ended 31st March, 2024 from the following balances : 5

Account Title	Amount (₹)	Account Title	Amount (₹)
Opening stock	80,000	Purchases return	24,000
Purchases	4,00,000	Sales return	40,000
Sales	10,00,000	Carriage on purchases	16,000
Freight	13,000	Carriage on sale	20,000
Wages	60,000	Factory rent	24,000
Factory lighting	21,600	Office rent	15,000
Coal, Gas and Water	4,400	Import duty	64,000

Closing stock is valued at ₹ 1,20,000.

### Section - C

Answer *question no. 14* and *any two* from the rest.

10. Following transaction of Kamlesh for April, 2023 are given below. Journalise them. 10

2023 (April)		Amount (₹)
1	Kamlesh started business with cash	1,00,000
2	Paid into bank	20,000
3	Bought goods for cash	50,000
4	Drew cash from bank for office use	10,000
13	Sold goods to Krishna	15,000
20	Bought goods from Shyam	22,500
22	Krishna returned goods	2,000
24	Received from Krishna	12,500
24	Allowed him discount	500
28	Paid cash to Shyam	21,500
28	Discount Received	1,000
30	Cash sales for the month	80,000
30	Paid rent	5,000
30	Paid salary	10,000

11. (a) Distinguish between Fixed Instalment Method and Diminishing Balance Method of charging depreciation.

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- (b) Q Ltd. purchased on 1st January, 2020 a machine for ₹ 10,000. On 01.7.2020 it again purchased another machine for ₹ 5,000. On 01.7.2021, the machine purchased on 01.01.2020 was sold for ₹ 4,000. On 01.7.2022, a new machine was purchased for ₹ 12,000. On the same date, the machine purchased on 01.7.2020 was sold for ₹ 4,200.

Depreciation was provided at 10% p.a. on the written down value every year, show the Machinery Account and Depreciation Account for 2020, 2021 and 2022. 3+7

12. From the following information of M/s. Rajesh and Co., Delhi, prepare the purchase book for the month of March, 2023 : 10

March 1	Purchased from M/s. Brown and Co., Kolkata : 5 gross pencil @ ₹ 1,200 per gross 2 dozen registers @ ₹ 500 per dozen Less : Trade Discount @ 10%
March 4	Purchase from the Paper Co., Delhi : 8 reams of white paper @ ₹ 500 per ream 10 reams of ruled paper @ ₹ 600 per ream Less : Trade Discount @ 10%
March 5	Purchased 80 Reynolds Pen @ ₹ 5 each from M/s. Verma Bros., Delhi

13. (a) What is IFRS?  
(b) What are the features of IFRS?  
(c) What are the benefits of IFRS?

2+4+4

14. The following is the Trial Balance of Mr. G as on 31st March, 2024 :

	₹		₹
Plant and Machinery	3,10,000	Capital	4,20,000
Opening Stocks	30,000	Sundry Creditor	20,000
Sundry Debtor	40,000	Sales	2,10,000
Wages	10,000	Return Outward	20,000
Salaries	15,000	Provision for Doubtful Debt	1,000
Rent (April, 2023 to June, 2024)	18,000	Interest	4,000
Purchases	1,50,000		
Return Inward	10,000		
Bad Debt	9,000		
Insurance	3,000		
Office Expenses	5,000		
Cash in Hand	30,000		
Cash at Bank	45,000		
	<b>6,75,000</b>		<b>6,75,000</b>

**Additional Information :**

- (i) Stock on 31st March, 2024 was valued at ₹ 35,000.
- (ii) Further bad debt of ₹ 1,000 is to be written off and a provision for doubtful debts @ 5% on Sundry Debtors is to be maintained.
- (iii) Goods costing ₹ 5,000 have been distributed as free sample.
- (iv) Purchase of machinery worth ₹ 20,000 on 01.10.2023 has been wrongly included in Purchase Account. Depreciation @ 10% p.a. is to be charged on machinery.
- (v) Office expenses outstanding ₹ 500.

Prepare Trading Account, Profit and Loss Account for the year ended 31.03.2024 and a Balance Sheet of Mr. G as on that date. 10

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