

2025

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.*

Group - A

1. Answer *any ten* questions :

2×10

- (a) Define GAAP.
- (b) Define Golden Rule of Debit and Credit.
- (c) What is LIFO?
- (d) Distinguish between primary and subsidiary book.
- (e) Who are the users of Accounting Information?
- (f) What is Purchase Returns Book?
- (g) Why are adjustment entries passed?
- (h) Distinguish between IFRS and AS.
- (i) What is Post Adjusted Trial Balance?
- (j) What is 'Sinking Fund' Method of Depreciation?
- (k) What is Balance Sheet?
- (l) Write two Limitations of Accounting Information System.
- (m) Distinguish between Trading A/c and Profit and Loss A/c.
- (n) What is Accounting Cycle?
- (o) What do you understand by Revenue Recognition?

Group - B

2. Answer *any five* questions :

5×5

- (a) What are the benefits of Accounting Standard?
- (b) Discuss the importance of Accounting Information System (AIS).

Please Turn Over

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- (c) Mr. Sanatan starts a business. His transactions for the initial month, April 2023 are given below :

April 1 : Invested ₹ 50,000 as capital by cash.

April 3 : Purchased a Machine for ₹ 20,000 and Furniture for ₹ 12,000 by payment made in cash.

April 7 : Purchased goods on credit for ₹ 9,000 from Adhunik Traders.

April 10 : Paid ₹ 800 by cash as carriage of goods.

April 15 : Sold goods to Pravin Traders on credit for ₹ 11,200.

Record the above transaction in the books of Sanatan.

- (d) From the following transactions, work out the value of closing stock on 31 March 2024 (assuming FIFO method of pricing issues) :

Date	Transaction	Quantity(Units)	Rate per unit (₹)
2024 March 1	Opening stock	300	9.70
2024 March 9	Purchases	250	9.80
2024 March 15	Issues	400	—
2024 March 25	Purchases	300	10.05
2024 March 31	Issues	210	—

- (e) In Model Town, Punjab, Mr. Shyam owns an enterprise dealing with spare parts. Following are the transactions that happened in the month of October 2022. Assume CGST @6%, SGST @6% and IGST @12%. Prepare a Purchase Return Book for Mr. Shyam.

Year 2022	Particulars
October 14	(Debit Note no. 131) Goods were returned to Ghanashyam & Co., Amritsar (Punjab) worth ₹ 6,000 for the reason that goods were not similar to the sample.
October 17	(Debit Note no. 135) Allowance was claimed from Rama Prasad & Sons, Ludhiana (Punjab) for the mistake in the sales invoice for ₹ 1,500.
October 26	(Debit Note no. 137) Goods were returned to Kasturi Enterprise, Panipat (Haryana) worth ₹ 3,000 and 10% trade discount was applicable.

- (f) A Ltd. purchased a machine on 1st July, 2019 at a cost of ₹ 14,00,000 and spent ₹ 1,00,000 on its installation. The firm writes off depreciation at 10% p.a. of the original cost every year. The books are closed on 31st March every year.

You are required to : show the Machinery Account and Depreciation Account for the year 2019 and 2020.

- (g) Discuss four methods of valuation of Closing Stock.
 (h) What is Depreciation? Why is depreciation of assets necessary in accounting?

Group - C

Answer *any three* questions.

10×3

3. What do you mean by convergence of accounting standards? Discuss the benefits of convergence of Ind AS with IFRS, and their applicability to different class of entities.

4. The following balances are extracted from the books of Sircar & Sons as on 31st March 2024. You are required to prepare a Trial Balance therefrom :

Capital ₹ 39,000, Stock on 01.04.23 ₹ 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 & Taxes ₹ 685, Rent payable ₹ 265, Miscellaneous Expenses ₹ 830, Trade Creditors ₹ 11,380, Book Debts ₹ 17,000, Purchase Return ₹ 190, Wages ₹ 8,840, Drawings ₹ 1,500, Bills Payable ₹ 570, Cash in hand ₹ 600, Bank Loan ₹ 2,900, Closing Stock ₹ 1,850.

5. On 01.01.2020 machinery was purchased by X Ltd. for ₹ 50,000. On 01.07.2021 additions were made to the extent of ₹ 10,000. On 01.04.2022 further additions of ₹ 6,400 were made. On 30th June 2023, machinery, original value of which was ₹ 8,000 on 01.01.2020 was sold for ₹ 6,000. Depreciation is charged at 10% p.a. on original cost.

Show the Machinery Account for the years from 2020 to 2023 in the books of X who closes his books on 31st December every year.

6. From the following particulars relating to the transaction of a material in XYZ Ltd., prepare a Store Ledger Account under Periodic Weighted Average Method. (considering the period of averaging is one month.)

2022 : April 1 : Opening Stock 1000 units @ ₹ 20 each

April 6 : Purchases 2000 units @ ₹ 30 each

April 11 : Issues 1,200 units

April 17 : Purchases 2,500 units @ ₹ 32 each

April 21 : Issues 1,500 units

April 30 : Purchases 1000 units @ ₹ 34 each

May 8 : Issues 3,000 units

May 16 : Purchases 2,000 units @ ₹ 36 each

May 20 : Issues 1,500 units

May 28 : Purchases 1000 units @ ₹ 40 each.

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7. The following are the balances of a shop on 31st December, 2022 :

Particulars	₹	Particulars	₹
Opening Stock	36,000	Misc. Income	566
Sundry Creditors	11,000	Capital Account	80,000
Sundry Debtors	28,000	Commission (cr)	2,500
Bills Receivable	16,000	Reserve for Bad & Doubtful Debts	850
Carriages on Purchases	1,200	Purchases	77,000
Wages	13,500	Plant	50,000
Salary	9,900	Sales	1,59,050
Bills Payable	6,500	Furniture	9,600
Telephone Expenses	900	Sundry Expenses	900
Repairs	450	Cash in hand and Bank	17,016

Prepare the Trading and Profit and Loss Account and the Balance Sheet of the shop after taking into consideration the following :

- (i) Closing Stock– ₹ 51,324;
- (ii) Unpaid expenses– Salary ₹ 1,600; wages ₹ 2,100 and Rent ₹ 4,200;
- (iii) Write off 10% on plant and 7.5% on Furniture as depreciation;
- (iv) Write off ₹ 400 on debtors as bad debts and increase the balance of the Reserve for Bad and Doubtful Debts to 2.5% on Debtors.
- (v) The manager is to be paid a commission at 4% on the net profit left after deducting the commission.