

**BBA 1st Semester (Honours) Examination, 2023**

**Subject : Accounting for Managers**

**Course : BBA-1.3**

**(Old Syllabus)**

**Time: 4 Hours**

**Full Marks: 80**

*The figures in the margin indicate full marks.*

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

*Answer Question No. 1 and any five from the rest.*

1. Answer any ten of the following questions: 2×10=20

- (a) 'The activity of Balancing is done in the journal'. State, in brief reasoning, whether the given statement is True or False.
- (b) State any two qualitative characteristics of accounting information.
- (c) What is meant by GAAP?
- (d) Give two examples of non-current assets.
- (e) What is Receipts & Payments Account?
- (f) Explain how closing balance of Capital Fund calculated in the Balance Sheet of a non-profit concern.
- (g) State any two features of petty cash book.
- (h) Why is Cash Book called 'journalised ledger'?
- (i) Mention any two errors which can not be detected by drafting Trial Balance.
- (j) What do you mean by Accrual basis of recording transactions in books of accounts?
- (k) What is the purpose of drafting the Balance Sheet?
- (l) State any two heads appearing under the top tier of the Balance Sheet of company.
- (m) What is meant by 'Periodicity Concept'?
- (n) Mention any two assets which are amortised.
- (o) Why Accounting is called the 'Language of a business'?

2. The Trial Balance of Mr. Shreesh did not tally as on 31.03.2023, and the following errors were detected after checking the books of accounts:

- (a) The Sales Returns Book was under cast by ₹ 4,500.
- (b) ₹ 8,500 received from Shubhro was wrongly debited to his account in the sales ledger.
- (c) Furniture purchased worth ₹ 4,500 wrongly passed through Purchases A/c.
- (d) Wages paid ₹ 48,000 to Suman has been posted to the debit of bank account as ₹ 46,000.
- (e) A purchase of ₹ 47,000 from Rishi was debited to his account.
- (f) The total of one page of the Sales Day Book was carried forward to the next page as ₹ 5,885 instead of ₹ 5,588.

You are required to pass necessary rectification entries (including narrations). 2×6

3. State, with proper reasoning, whether the following statements are true or false: 2x6
- Heavy advertising expenditure to develop a Food Ordering App by a restaurant is Capital expenditure.
  - A life time road tax paid on purchased of a delivery vehicle is Revenue expenditure.
  - Travelling expenses of ₹ 80,000 paid to a technician for the installation of a new machine is debited to Profit and Loss Account.
  - Wages paid for erection of machinery are debited to the Wages Account.
  - An expense incurred on replacing the lighting of the warehouse done every quarter is Capital expenditure.
  - Copyright fees paid to an author by a publishing company is a Revenue expense.
4. From the following Receipts & Payments A/c and other details provided by a local club, you are required to prepare an Income & Expenditure Account for the year ended 31.03.2023 and a Balance Sheet as on that date: 6+6

Dr.		Receipts and Payments Account for the year ended 31.03.2023		Cr.	
Receipts	₹	Payments	₹		
To Balance b/d:		By Establishment expenses			
Cash in hand	500	(including ₹ 600 for 2023-24)	12,000		
Cash at Bank	41,100	By Internet Charges	1,080		
To Subscriptions:		By Electricity	500		
2021-22	1,000	By Conveyance	1,500		
2022-23	40,000	By Wages & Salaries	1,000		
2023-24	1,50	By Rent	10,800		
To Rent from Club Ground	2,500	By Library Books	6,000		
To Interest on Securities	2,000	By Purchase of furniture's	10,000		
To Donations	20,000	By Balance c/d:			
To Sale of Newspapers	100	Cash in hand	620		
		Cash at Bank	65,200		
	1,08,700		1,08,700		

The following additional information are available:

- The organisation has investments in '10% Government Securities' amounting to ₹ 80,000 since 2018.
  - The Library Books Account stood at ₹ 40,000 on April 1, 2022.
  - The Donations of ₹ 20,000 are meant for a prize to be awarded by the organisation.
  - The outstanding liabilities are: Rent ₹ 600; and Electricity bill ₹ 250.
5. (a) What do you mean by Depreciation? State the causes of providing depreciation in the books of accounts of an organisation.
- (b) Discuss the various factors that are considered for measurement of depreciation. (2+4)+6

6. The following Trial Balance was drafted by Mr. Bharat Bhushan, a trader of plastic furniture as on 31.12.2023:

Ledger Accounts	Dr. (₹)	Cr. (₹)
Sales	-	6,12,700
Freight Outward	15,200	-
Returns	25,900	10,900
Discounts	6,500	5,200
Bills Payable	-	45,800
Commission	-	11,500
Bills Receivable	65,300	-
Carriage Inward	14,900	-
Plant & Machinery	85,600	-
Investments	22,400	-
Sundry Creditors	-	60,000
Salaries	15,500	-
Freehold Premises	1,05,000	-
Capital	-	1,50,000
Purchases	3,40,000	-
Reserve	-	75,000
Wages	65,800	-
Sundry Debtors	85,800	-
Freight Outwards	12,400	-
Inventories (Opening)	35,900	-
Furniture	48,600	-
Cash in Bank	24,700	-
Cash in Hand	1,600	-
	9,71,100	9,71,100

You are required to prepare Trading Account and Profit and Loss Account for the year ending 31.12.2023 after taking into account the following adjustments:

- The market price of the Closing inventories is 1,00,000 which includes a profit margin of ₹ 15,000;
- Outstanding Liabilities for Salaries ₹ 4,500, Wages ₹ 9,800;
- Depreciate Furniture by 25% and Plant and Machinery by 10%;
- Sundry Debtors include ₹ 1,800 as bad which is to be written off.
- Create a Provision for Doubtful Debts @ 5% on Sundry Debtors. 6+6

7. (a) What do you mean by 'Reserves' in accounting? Discuss their salient features.
- (b) What do you mean by 'Capital Reserves'? Explain how such reserves are created with an example. (2+4)+(2+4)

8. (a) What are the financial statements drafted by a partnership form of organisation? Briefly discuss the purpose of drafting each one of them.
- (b) Explain Fixed Capital and Fluctuating Capital methods of maintaining partners' capital accounts. 6+6
9. Shiva and Vishnu were partners in a firm sharing profits and losses in the ratio 3 : 2. Following is their Balance Sheet as on 31.12.2023:

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital :			Building		50,000
Shiva	40,000		Furniture		15,000
Vishnu	20,000	60,000	Inventories		20,000
Reserve		29,800	Bills Receivable		5,000
Creditors		6,200	Debtors		7,500
Bills Payable		4,000	Bank		2,500
		1,00,000			1,00,000

Vayu is to be admitted as a partner with effect from 1.1.2024 on the following terms:

- (a) Vayu will bring in ₹ 15,000 as capital.
- (b) Vayu will be entitled to 1/6th share in the profits of the firm.
- (c) Building and Furniture will be revalued at ₹ 56,000 and ₹ 12,000 respectively.
- (d) A provision for bad and doubtful debts is to be raised against Debtors at 10%.
- (e) The claim of a creditor for ₹ 2,300 is to be paid at ₹ 2,000.

Prepare Partners' Capital Account in the books of the firm and the post-admission Balance Sheet. 6+6

10. Write short notes on: 6+6

- (a) Bases of Accounting
- (b) Schedule III to Companies Act, 2013