

**BBA 1<sup>st</sup> Semester (Honours) Examination, 2020**  
**Subject: Accounting for Managers**  
**Paper: BBA – 1.3**

**Time: 3 Hours**

**Full Marks: 80**

**Group A:**

Answer any *six* questions:

5 × 6 = 30

1. Distinguish between Financial Accounting and Cost Accounting.
2. State any five users of accounting information, briefly mentioning the primary type of accounting information each seek.
3. What do you mean by 'Accounting Concepts'? State any three such concepts.
4. Differentiate between Straight line method and Diminishing balance method of calculating depreciation.
5. Explain the concept of Fixed Capital method of maintaining partners' capital accounts.
6. What do you mean by Error of Commission? Give two examples of such error.
7. What are the components of financial statements of a manufacturing business organisation?
8. What do you mean by Conservatism Convention? Give any two examples of its application.

**Group B:**

Answer any *five* questions:

10 × 5 = 50

9. Following is the Receipts and Payments Account of Durgapur Cricket Club for the year ended 31.12.2000:

<b>Dr.</b>		<b>Cr.</b>	
<b>Receipts</b>	<b>Rs.</b>	<b>Payments</b>	<b>Rs.</b>
To Balance b/d	1,200	By Rent	5,000
To Donation	500	By Stationery	700
To Subscription	20,500	By Wages	4,300
To Locker Rent	400	By Sports Materials	7,500
To Entrance Fees	2,000	By Ground Maintenance	700
		By Balance c/d	6,400
	24,600		24,600

*Additional information:*

- (a) Rent includes Rs. 300 paid for January, 2021;
- (b) Subscription was outstanding for 2020 Rs. 2,500;
- (c) Subscriptions received in advance for 2021 Rs. 500;
- (d) Sports Materials in hand on 31.12.2020 was Rs. 2,000;
- (e) Entrance Fees is to be capitalized.

You are required to prepare Income and Expenditure Account of Durgapur Cricket Club for the year ended 31st December, 2020.

10. On 1.4.2019, M/s Sarkar Bros. bought a machine worth Rs. 80,000. They incurred Rs. 5,000 as its installation charges on 10.4.2019. On 1.7.2019, another machine was bought at a cost of Rs. 1,00,000. On 30.6.2020, the first machine was sold out for Rs. 65,000, and was replaced by a new machine costing Rs. 1,40,000.

Show the Machinery Account as it would in the books of M/s Sarkar Bros. during the two years upto 31.12.2020 assuming that the books of accounts are closed 31<sup>st</sup> December every year and Depreciation is to be written-off @10% p.a. on the original cost of these machines.

11. What do you mean by Adjustment Entries? Discuss the classification of such entries.

12. Alok and Bakbul were carrying on business in partnership sharing profits and losses in the ratio of 3:2. On March 31, 2021, the Balance Sheet of the firm was as follows:

<b>Liabilities</b>	<b>Amount Rs.</b>	<b>Assets</b>	<b>Amount Rs.</b>
Alok's capital	30,200	Buildings	40,000
Bakbul's capital	35,400	Furniture	10,600
Bank Loan	20,000	Stock	38,500
Sundry Creditors	20,800	Sundry Debtors	19,000
Bills payable	10,000	Cash	20,300
Workmen Compensation Fund	12,000		
	1,28,400		1,28,400

On April 1, 2021, Christie was admitted to partnership on the following conditions:

- a) Christie would be entitled to one-third share in profits.
- b) Christie would bring Rs. 30,000 as capital.
- c) The book value of Buildings would be increased by Rs. 10,000, that of furniture would be reduced to Rs. 10,000 and stock would be reduced by 10%.
- d) A provision for bad debts @ 5% on sundry debtors would be created.
- e) The actual liability of workmen compensation fund is estimated at Rs. 2,000.
- f) Bank loan would be paid off.

You are required to prepare: (i) Revaluation Account; and (ii) Partners' Capital Accounts in the books of the new firm.

13. State, with brief reasoning, whether the following statements are true or false:

- (a) Overhaul expenses of second-hand machinery purchased is revenue expenditure.
- (b) Major repair charges including replacement of certain worn-out parts incurred before using a second-hand car purchased recently is a capital expenditure.
- (c) An expenditure intended to benefit the current period is revenue expenditure.
- (d) A legal fee paid to acquire a Building is a Capital expenditure.
- (e) Wages paid to workers to produce a tool to be captively consumed is capital expenditure.

14. From the following Trial Balance extracts and additional information, you are required to show how the above items will appear in final accounts (i.e. Trading Account, Profit & Loss A/c and Balance Sheet) in each of the two independent situations:

**Trial Balance of Mr. Suresh as on 31.12.2020 (includes)**

Particulars	Dr.( Rs.)	Cr. (Rs.)
Plant & Machinery	1,00,000	
Purchases	2,10,000	
Wages	50,000	
Sales		6,20,000

- (a) A Plant worth Rs. 40,000 was purchased on July 1, 2020. Its installation charges of Rs. 10,000 have been debited to Wages Account. Provide depreciation on Plant @ 10% p.a.
- (b) A Plant of Rs. 40,000 was purchased on July 1, 2020 on credit but it was omitted to be recorded in the books. Its installation charges of Rs. 10,000 have been debited to Wages Account. Provide depreciation on Plant @ 10% p.a.
15. Discuss, in detail, the provisions of Companies Act, 2013 in each of the following cases:
- (a) Place of keeping books of accounts by a company; and
- (b) Manner of keeping books of accounts by a company in electronic form.