

BBA 1st Semester (Honours) Examination, 2019

Subject: ACCOUNTING FOR MANAGERS

Paper: BBA-1.3

Time: 2 Hours

Full Marks: 40

*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

Answer any four questions.

5×4=20

1. 'Outstanding Expenses Account is a representative personal account'. Explain.
2. Why Cash Book is called a 'journalised ledger'?
3. 'Interest on Capital paid to partners appears in Profit & Loss Account' – True/ False.
Give brief reasoning.
4. Explain why 'Reserves' and 'Provisions' are created in accounting?
5. 'Accounting principles, Accounting concepts and Accounting conventions are related to each other'. Comment on the given statement and explain the relationship.
6. What do you mean by Entity Concept? Discuss its implications.

Group -B

Answer any two questions.

10×2=20

7. M/s S. K. Brothers purchased a machine for Rs. 1,00,000 on 1.1.2017. They incurred Rs. 5,000 as freight and carriage and Rs. 5,000 as installation charges. The machine was sold for Rs. 40,000 on 31.12.2019.
Prepare Machinery Account and Provision for Depreciation Account for the last three years assuming that books are closed on December 31 every year. The applicable rate of depreciation is 10% p.a. and is calculated under Diminishing Balance method.

Please Turn Over

8. Sumosun Ltd., an electronic equipment manufacturing concern has issued 1,00,000 shares of `10 each. The details of the company's incomes and expenses for the year 2018-19 are as follows:

[Figures in Rs.]

Revenue from sale of goods	8,75,000	Depreciation on machineries and equipments	12,000
Revenue from services	4,25,000	Amortisation of software licenses	8,000
Bad debt recovery	9,000	Interest on debentures	10,000
Rental income	1,20,000	Other finance charges	800
Interest on term deposits	46,000	Advertisement	7,200
Production expenses	85,600	Purchases of stock-in-trade	4,58,000
Wages	48,600	Rent and Rates	6,400
Carriage inwards	2,600	Salaries	39,600
Discount allowed	1,600	Discount received	2,200
Bad debts	14,850	Changes in inventories[Opening <i>Less</i> Closing]	(28,000)
Staff welfare expenses	13,800	Current tax on income	1,11,735
Travelling expenses	7,500	Cost of raw-materials consumed	3,58,000

You are required to draft the Statement of Profit and Loss for the company for the year ended March 31, 2019.

9. The Trial balance of Ms. Chinmayee, a trader did not agree and the difference was put through Suspense Account. On subsequent search the following errors were detected:
- A purchase of Rs. 7,000 from Mr. Bijoy was entered correctly in the Purchase Book, but posted to the credit of Mr. Dinesh as Rs. 5,000.
 - A sale of Rs. 6,000 was made to Mr. Xavier and entered correctly in the sales book, but posted to the credit of Mr. Xavier.
 - Goods bought on credit from Mr. Yusuf for Rs. 48,000 were wrongly debited to his account as Rs. 84,000.
 - Salaries paid Rs. 5,460 posted in Salaries Account as Rs. 4,560.
10. (a) 'Adjustment entries and Rectification entries are conceptually the same'. Comment.
 (b) Explain the necessity of adjustment entries in accounting. Give two examples for this purpose.