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**467 (FA 2)**

**[ 20–HBGPOW–D3S(O)21A ]**

**BBA 3rd Semester (Old) Exam., 2020 (W)**

BBA

[ BBA (S3) 09 ]

**( Financial Accounting—II )**

*Full Marks* : 80

*Time* : 3 hours

*The figures in the margin indicate full marks for the questions*

**1.** Answer the following questions : 1×8=8

*(a)* Define gross profit.

*(b)* Give two examples of indirect expenses.

*(c)* Give two examples of wasting asset.

*(d)* What is meant by scrap value?

*(e)* What is the minimum number of persons required to start a partnership business?

*(f)* Define ratio.

*(g)* What is time series analysis?

*(h)* Give two examples of current asset.

**2.** Answer the following questions : 2×8=16

*(a)* What is meant by horizontal analysis?

*(b)* Name two profitability ratios.

*(c)* What is the use of leverage ratio?

*(d)* List the sources of cash as used in Cash Flow Statement.

*(e)* What are the uses of preparing Cash Flow Statement?

*(f)* Name four items included in Profit and Loss Appropriation Account.

*(g)* What are the causes of depreciation?

*(h)* What is meant by internal liability?

**3.** Answer any *five* from the following questions : 4×5=20

*(a)* Distinguish between Trading Account and Profit & Loss Account.

*(b)* Mention the advantages and disadvantages of straight-line method of providing depreciation.

*(c)* *X* and *Y* are partners sharing profit and losses in the ratio of 3 : 2. *Z* is admitted in the partnership for ¼th share in the future profits. Calculate the new profit-sharing ratio.

*(d)* Write a note on Funds Flow Statement.

*(e)* Write a note on the importance of ratio analysis.

*(f)* List the characteristics of depreciation.

**4.** Answer any *two* from the following questions : 8×2=16

*(a)* What is provision? Why is it important for a business organization to create provision? 2+6=8

*(b)* On 1st January, 2010, M/s Assam Associates purchased a machinery costing ₹ 6,00,000, installation charge being ₹ 6,000 and depreciation is to be charged at 10% on diminishing balance method. The firm closes the books on 31st December every year.

Give necessary Journal Entries and prepare Machinery Account for 2 years.

*(c)* Discuss the components of Balance Sheet.

**5.** Answer any *two* from the following questions : 10×2=20

*(a)* Following is the Balance Sheet of *A* and *B* who share profits in the ratio of 3 : 2 :

*Balance Sheet of A and B as on 01.04.2015*

| *Liabilities* | | *Amount* (₹) | *Assets* | *Amount* (₹) |
|---|---|---|---|---|
| Sundry Creditor | | 20,000 | Cash in Hand | 3,000 |
| Capitals : | | | Debtors | 12,000 |
| *A* | 30,000 | | Stock | 15,000 |
| *B* | 20,000 | 50,000 | Furniture | 10,000 |
| | | | Plant and Machinery | 30,000 |
| | | 70,000 | | 70,000 |

On that date, *C* is admitted into the partnership on the following terms :

*(i)* *C* is to bring in ₹ 15,000 as capital and ₹ 5,000 as premium for goodwill for 1/6 share

*(ii)* The value of stock is reduced by 10% while plant and machinery is appreciated by 10%

*(iii)* Furniture is revalued at ₹ 9,000

Record Journal Entries and prepare Revaluation Account and Capital Account of partners.

*(b)* From the following balances, prepare the Trading and Profit & Loss Account and Balance Sheet as on March 31, 2020 :

| *Debit Balances* | *Amount* (₹) | *Credit Balances* | *Amount* (₹) |
|---|---|---|---|
| Drawings | 6,300 | Capital | 1,50,000 |
| Cash at Bank | 13,870 | Discount Received | 2,980 |
| Bills Receivable | 1,860 | Loans | 15,000 |
| Land and Building | 42,580 | Purchase Return | 1,450 |
| Furniture | 5,130 | Sales | 2,81,500 |
| Discount Allowed | 3,960 | Reserve for Bad Debts | 4,650 |
| Bank Charges | 100 | Creditors | 18,670 |
| Salaries | 6,420 | | |
| Purchases | 1,99,080 | | |
| Opening Stock | 60,220 | | |
| Sales Return | 1,870 | | |
| Carriage | 5,170 | | |
| Rent and Taxes | 7,680 | | |
| General Expenses | 3,630 | | |
| Plant and Machinery | 31,640 | | |
| Book Debt | 82,740 | | |
| Bad Debts | 1,250 | | |
| Insurance | 750 | | |
| | 4,74,250 | | 4,74,250 |

*Adjustments* :

*(i)* Closing stock—₹ 60,000

*(ii)* Insurance prepaid—₹ 50

*(iii)* Rent outstanding—₹ 150

*(c)* Discuss different types of liquidity ratio and leverage ratio used in analysing financial statements.

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