



GIET UNIVERSITY, GUNUPUR – 765022
B. B. A (First Semester) Examinations, April – May ' 2021
104 – Basic Financial Accounting

Time: 2 hrs

Maximum: 50 Marks

The figures in the right hand margin indicate marks.

PART – A: (Multiple Choice Questions)**(1 x 10 = 10 Marks)****Q. 1 Answer ALL questions**

- a. According to which concept the owners are considered to be different from the business
 - (i) Business entity concept
 - (ii) Going concern concept
 - (iii) Money measurement concept
 - (iv) Accounting period concept
- b. Which of the following is related to scientific system of maintaining account
 - (i) Single entry
 - (ii) Double entry
 - (iii) Contra entry
 - (iv) Book entry
- c. Debit the receiver credit the giver is the rule for
 - (i) Personal Account
 - (ii) Real Account
 - (iii) Nominal account
 - (iv) Representative personal account
- d. Profit and loss account is starts with
 - (i) Net profit
 - (ii) Net loss
 - (iii) Gross profit
 - (iv) None of the above
- e. All revenue incomes are credited to
 - (i) Manufacturing Account
 - (ii) Trading Account
 - (iii) Profit and loss account
 - (iv) None of the above
- f. General reserves are shown in
 - (i) Revaluation account
 - (ii) Profit and loss account
 - (iii) Balance sheet
 - (iv) All of the above
- g. What is deposit in transit in bank reconciliation statement
 - (i) Added to bank balance
 - (ii) Subtracted from bank balance
 - (iii) Subtracted from bank balance
 - (iv) Added to cash balance
- h. If transaction is totally omitted from the books it is called
 - (i) Errors of omission
 - (ii) Errors of commission
 - (iii) Errors of principle
 - (iv) Error of recording
- i. What is defined as sales minus cost of good sold
 - (i) Contribution
 - (ii) Gross profit
 - (iii) Net profit
 - (iv) Operating profit
- j. The main objective of depreciation is
 - (i) To show the previous profit
 - (ii) To calculate net profit
 - (iii) To reduce tax
 - (iv) To satisfy the tax department

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PART – B: (Short Answer Questions)**(2 x 5 = 10 Marks)**Q.2. Answer **ALL** questions

- a. What is closing stock?
- b. What is Interest on capital?
- c. Write a note on suspense account.
- d. What is contra entry?
- e. Briefly explain Annuity method of providing depreciation.

PART – C: (Long Answer Questions)**(6 x 5 = 30 Marks)**Answer **ANY FIVE** questions

3. What are the main objectives of Accounting?
4. What are the functions of an Accountant?
5. Rectify the following errors
 - a) Purchase book is carried forward Rs.350 less
 - b) Sales book total is carried forward Rs.500 more
 - c) A total of 758 in the purchase book has been carried forward as Rs.857
 - d) The total of sales book Rs.755 was carried forward as Rs.557
 - e) Purchase return book was carried forward as Rs. 5120 instead of 1520
6. Prepare a Bank Reconciliation statement
 - a) Balance as per cash book Rs. 12,500
 - b) Cheque issued but not presented for payment Rs. 900
 - c) Cheques deposited in bank but not collected Rs. 1,200
 - d) Bank paid Insurance premium Rs.500
 - e) Direct deposit by a customer Rs.800
 - f) Interest on investment collected by bank Rs. 200
 - g) Bank charges Rs.100
7. Discuss about the process of income statement with adjustment.
8. From the following data calculate closing stock:
Opening stock Rs. 3,460
Purchases Rs. 15,475
Sales Rs. 20,200
Sales Return Rs. 200
Purchase Returns Rs. 125
Gross profit 25% (on net sales)
9. Hasan purchased a machine on 1st Jan 1992 at Rs. 14,400. The scrap value ten years time is expected to be Rs. 3,400. If depreciation is written off by equal instalments every Dec.31. show the Machinery Account for the first three years. Calculate the rate of depreciation.
10. Discuss the characteristics of Depreciation.

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