



*Yogoda Satsanga Mahavidyalaya*

(Established in 1967)

NAAC Accredited B++ (CGPA 2.89)

Affiliated to Ranchi University & registered under 2 (F) & 12 (B) of UGC Act



## **BBA SEMESTER -1**

### **PAPER NAME- BUSINESS ACCOUNTING**

#### **PAPER CODE C-2**

#### **Short Answer Questions. (5 Marks)**

- 1) Define the term Financial Accounting.
- 2) What is 'Real Account'? State its Principle of Recording.
- 3) Define the terms 'Capital' and 'Drawing'.
- 4) What are the benefits of Accounting Standards in India?
- 5) What is Journal?
- 6) What do you mean by Contra Entry? When it is passed?
- 7) Explain Objectives of GST?
- 8) What are the disadvantages of GST?
- 9) Explain what is tally and where it can be used?
- 10) What are the benefits of tally?
- 11) What is the basic accounting equation?
- 12) Define accrual accounting.
- 13) What is a balance sheet?
- 14) Explain the concept of depreciation.
- 15) What is the purpose of a trial balance?
- 16) Define liquidity in accounting terms.
- 17) What is the difference between a liability and an expense?
- 18) Define fixed assets.
- 19) What is the difference between gross profit and net profit?
- 20) Define cash flow statement.
- 21) What does FIFO stand for in inventory accounting?
- 22) Define goodwill in accounting.



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- 22) Explain the concept of double-entry accounting.
- 23) What is meant by a chart of accounts?
- 24) Define accounts receivable.
- 25) What is meant by GAAP?
- 26) Explain the term "amortization."
- 27) What is a profit and loss statement?
- 28) Define overhead costs.
- 29) Explain the term "capital expenditure."
- 30) What is the purpose of financial ratios?
- 31) Define accounts payable.
- 32) Explain the term "revenue recognition."
- 33) What is meant by the term "book value"?
- 34) Define financial statement analysis.
- 35) What is a general ledger?
- 36) Explain the term "inventory turnover."
- 37) Define operating expenses.
- 38) What is meant by the term "cash basis accounting"?
- 39) Define retained earnings.
- 40) What is meant by the term "inventory valuation"?
- 41) Explain the term "EBITDA."
- 42) Define intangible assets.
- 43) What is meant by the term "audit" in accounting?
- 44) Explain the term "debt-to-equity ratio."
- 45) Define a contingent liability.
- 46) What is meant by the term "working capital"?
- 47) Explain the term "straight-line depreciation."
- 48) Define the term "capital budgeting."
- 49) What is meant by the term "accruals"?



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- 50) Explain the term "EBIT."
- 51) Define the term "financial leverage."
- 52) What is meant by the term "cost of goods sold"?
- 53) Explain the term "break-even point."
- 54) Define the term "consolidated financial statements."
- 55) What is meant by the term "internal controls"?
- 56) Explain the term "time value of money."
- 57) Define the term "debt service coverage ratio."
- 58) What is meant by the term "segment reporting"?
- 59) Explain the term "inventory obsolescence."

**Long answer questions. (15 marks)**

11) Journalize the following transaction in the Books of Mr. Ajay for March 2018: Date Entries 1 Started Business with Cash Rs.40000, Machinery Rs,50000 and Furniture Rs.25000. 2 Sold Goods for cash Rs.7500 3 Cash Rs.5000 deposited into Bank. 5 Sold Goods to Mr. B Rs.30000 6 Received Commission Rs.3000 7 Paid salary Rs.2000 12) Journalize the following transaction

12) Prepare general journal entries for the following transactions of a business called Pose for Pics in 2016: Date Particular Aug. 1 Hashim Khan, the owner, invested Rs. 57,500 cash and Rs. 32,500 of photography equipment in the business. 04 Paid Rs. 3,000 cash for an insurance policy covering the next 24 months. 07 Services are performed and clients are billed for Rs. 10,000 13 Purchased office supplies for Rs. 1,400. Cash paid Rs. 400 and remaining outstanding. 20 Received Rs. 2,000 cash in photography fees earned previously 24 The client immediately pays Rs. 15,000 for services to be performed at a later date. 29 The business acquires photography equipment. The purchase price is Rs. 100,000, pays Rs. 25,000 cash and signs a note for the balance.



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13) Write the following transactions in the simple cash book. 2002 Aug- 11 Purchased goods for cash Rs. 10000 13 Cash in hand Rs. 6000 15 Paid to Ravi Rs. 4000 17 Received from Dhanush Rs. 8000 19 Paid for stationary Rs. 5000 21 cash sales Rs. 7000 23 Purchased office machinery Rs. 7000 27 Wages paid Rs. 9000.

14) Record the following transactions in a two-column cash book (cash and discount column).

2008 Aug 1 Started business concern with Rs. 10000 in cash.

Aug 4 Opened a current account with "bank of India" and deposited therein Rs. 6000.

Aug 6 Cheque received for Rs. 5000 and sold goods.

Aug 7 Cheque issued for Rs. 500 for purchased furniture.

Aug 8 Goods purchased for Rs. 3000 and paid by cheque.

Aug 8 Cheque received for Rs. 490 in settlement of Rs. 500 an account from Ramesh.

Aug 9 Goods purchased for Rs. 500 and gave a cheque for the same.

Aug 10 Money paid into "Bank of India" Rs. 5000.

Aug 11 Paid Bharath Rs. 225 in settlement of his account for Rs. 240 by cheque.

Aug 15 Wages paid in cash Rs. 200.

Aug 18 Cheque drew for personal use Rs. 400.

Aug 25 Money drew for office use Rs. 250. Aug 26 Salaries paid by cheque Rs. 500. Aug 27 Electric charges paid in cash Rs. 15. Aug 28 Paid in excess of Rs. 500 to "Bank of India".

15) Straight-Line Depreciation Calculation: A company purchases equipment for \$50,000 with a salvage value of \$5,000 and an estimated useful life of 5 years. Calculate the annual depreciation expense using the straight-line method.

16) Double-Declining Balance Method: A company buys a machine for \$80,000 with an estimated salvage value of \$10,000 and an expected useful life of 6 years. Calculate the depreciation expense for the second year using the double-declining balance method.

17) Units of Production Depreciation: A vehicle is purchased for \$40,000. It has an estimated useful life of 100,000 miles and an estimated salvage value of \$5,000. In the first year, the vehicle travels 20,000 miles. Calculate the depreciation expense for the first year using the units of production method.

18) MACRS Depreciation: A company purchases office furniture for \$30,000. Using the MACRS depreciation method, determine the depreciation expense for the third year, assuming a 5-year recovery period.



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- 19) Change in Useful Life: A company originally estimated the useful life of its equipment to be 8 years. After 3 years, it revises the estimate to 10 years. How does this change impact the depreciation expense for the remaining years?
- 20) Partial-Year Depreciation: A piece of machinery was purchased on July 1st for \$60,000. It has an estimated useful life of 8 years and a salvage value of \$5,000. Calculate the depreciation expense for the first year using the straight-line method.
- 21) Impairment Loss Calculation: An asset has a carrying value of \$80,000 and its fair value is assessed to be \$70,000. Determine the impairment loss to be recognized.
- 22) Depreciation Expense Adjustment: At the end of the year, a company realizes that it inadvertently recorded depreciation expense \$2,000 lower than it should have been. How does this error affect the company's financial statements, and what adjustment is needed?
- 23) Asset Disposal: A machine with an original cost of \$50,000, accumulated depreciation of \$30,000, and a salvage value of \$5,000 is sold for \$20,000. Calculate the gain or loss on disposal.
- 24) Tax Impact of Depreciation: A company purchased equipment for \$100,000. If it depreciates the equipment using MACRS, what is the depreciation expense for each of the first three years? How does this impact the company's tax liability assuming a tax rate of 25%?
- 25)\*\* Explain the concept of double-entry accounting and its significance in maintaining accurate financial records. Provide examples to illustrate its application.
- 26)\*\* Describe the process of preparing financial statements, including the balance sheet, income statement, and cash flow statement. Discuss the importance of each statement in assessing a company's financial performance.
- 27)\*\* Discuss the different methods of inventory valuation, such as FIFO, LIFO, and weighted average. Compare and contrast these methods, including their impact on financial statements and tax liabilities.
- 28)\*\* Explain the concept of depreciation and its importance in accounting for fixed assets. Discuss common methods of depreciation, such as straight-line, double-declining balance, and units of production, and provide examples of each.
- 29)\*\* Describe the purpose and components of a cash flow statement. Explain how operating, investing, and financing activities are reflected in the statement, and discuss its importance in assessing a company's liquidity and financial health.
- 30)\*\* Discuss the differences between financial accounting and managerial accounting. Explain the role of each in decision-making and performance evaluation within an organization.



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- 31)\*\*Explain the principles of revenue recognition in accounting. Discuss the criteria that must be met for revenue to be recognized, and provide examples of situations where revenue recognition may be complex.
- 32)\*\*Describe the concept of working capital and its importance in assessing a company's short-term financial health. Discuss how working capital is calculated and its implications for liquidity and operational efficiency.
- 33)\*\*Discuss the components of a budget and the importance of budgeting in financial planning and control. Explain the advantages and disadvantages of different budgeting approaches, such as zero-based budgeting and incremental budgeting.
- 34)\*\*Explain the concept of financial ratio analysis and its significance in assessing a company's financial performance and stability. Discuss key ratios, such as liquidity ratios, profitability ratios, and solvency ratios, and how they are calculated and interpreted.
- 35)\*\*Describe the process of auditing and its importance in ensuring the accuracy and reliability of financial statements. Discuss the different types of audits, such as internal audits and external audits, and the role of auditors in the audit process.
- 36)\*\*Explain the concept of cost accounting and its role in managerial decision-making. Discuss different cost classification methods, such as variable costs, fixed costs, and mixed costs, and how they are used in cost analysis.
- 37)\*\*Discuss the principles of internal control and their importance in preventing fraud and errors in financial reporting. Describe common internal control procedures and their role in safeguarding assets and ensuring compliance with regulations.
- 38)\*\*Explain the concept of financial leverage and its impact on a company's capital structure and risk. Discuss how leverage is measured and its implications for profitability and financial stability.
- 39)\*\*Describe the process of capital budgeting and its importance in long-term financial planning. Discuss different methods of capital budgeting, such as payback period, net present value, and internal rate of return, and their advantages and limitations.
- 40)\*\*Discuss the principles of cost-volume-profit (CVP) analysis and its importance in managerial decision-making. Explain how CVP analysis is used to assess the relationship between costs, volume, and profitability, and provide examples of its application.
- 41)\*\*Explain the concept of variance analysis and its role in performance evaluation and control. Discuss how variance analysis is used to compare actual results with budgeted or standard costs, and identify causes of variances.
- 42)\*\*Describe the process of consolidation in accounting and its importance in preparing consolidated financial statements for a group of companies. Discuss the steps involved in consolidation and the elimination of intercompany transactions and balances.



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43)\*\*Discuss the concept of ethics in accounting and the importance of professional integrity and objectivity. Explain common ethical dilemmas faced by accountants and the role of professional codes of conduct in guiding ethical behavior.

44)\*\*Explain the concept of international financial reporting standards (IFRS) and their significance in global financial reporting. Discuss the differences between IFRS and generally accepted accounting principles (GAAP) and their implications for multinational companies.