BL-104

B.B.A.LL.B. (Integrated) (5 Year) Ist Semester Examination, 2026

MOST IMPORTANT QUESTIONS 2026 – UNSOLVED MODEL PAPER

FINANCIAL ACCOUNTING

Paper : IV

Time : 3 Hours **[M.M. : 75**

Note : Answer any **five** questions. All questions carry equal marks.

1. Define accounting. Explain its objectives and functions. Who are the users of accounting information and what are their needs? **[15]**

2. Explain the important accounting concepts and conventions (GAAP). Write a note on Indian Accounting Standards (Ind AS) and their convergence with IFRS. **[15]**

3. (a) Distinguish between capital expenditure and revenue expenditure with examples. (b) Show the accounting equation for the following transactions: (i) Ramesh started business with cash ₹1,00,000 (ii) Purchased goods on credit from Mohan ₹30,000 (iii) Bought furniture for cash ₹15,000 (iv) Sold goods costing ₹20,000 for ₹28,000 on credit (v) Paid rent ₹4,000 (vi) Paid Mohan ₹25,000 in full settlement. **[7+8=15]**

4. What is a trial balance? Explain its objectives and limitations. Which errors are not disclosed by a trial balance? Give examples. **[15]**

5. From the following balances of Sri Ram as on 31st March 2026, prepare the Trading and Profit & Loss Account and the Balance Sheet: Capital ₹2,00,000; Drawings ₹20,000; Opening stock ₹40,000; Purchases ₹1,60,000; Sales ₹2,80,000; Wages ₹12,000; Salaries ₹24,000; Rent ₹9,000; Debtors ₹60,000; Creditors ₹45,000; Machinery ₹1,00,000; Furniture ₹20,000; Cash ₹35,000; Bills payable ₹15,000; General expenses ₹4,000; Bad debts ₹2,000; Returns inward ₹6,000; Insurance ₹3,000; Bank ₹45,000. Adjustments: (i) Closing stock ₹55,000 (ii) Depreciate machinery @10% and furniture @5% (iii) Outstanding salary ₹2,000 (iv) Prepaid insurance ₹1,000 (v) Create provision for doubtful debts @5% on debtors. **[15]**

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6. What is depreciation? Explain its causes and the need for charging depreciation. Distinguish between the Straight Line Method and the Written Down Value Method. **[15]**

7. A company purchased a machine on 1st April 2023 for ₹2,00,000 and spent ₹20,000 on its installation. On 1st October 2024 it purchased another machine for ₹80,000. On 30th September 2025 the first machine was sold for ₹1,40,000. Depreciation is charged @10% p.a. on the Written Down Value method. Prepare the Machinery Account for three years ending 31st March each year. **[15]**

8. What is forensic accounting? Explain the types of financial statement frauds, the motivations behind them (fraud triangle), the fraud indicators (red flags) and the techniques of investigation. **[15]**

9. (a) What is ratio analysis? Explain its uses and limitations. (b) From the following, calculate Current Ratio, Liquid Ratio, Debt-Equity Ratio and Net Profit Ratio: Current assets ₹4,00,000 (including stock ₹1,50,000 and prepaid expenses ₹10,000); Current liabilities ₹2,00,000; Long-term debt ₹3,00,000; Shareholders' funds ₹6,00,000; Net sales ₹10,00,000; Net profit ₹1,20,000. **[7+8=15]**

10. Write short notes on any two: (a) Cash flow statement – purpose and categories of cash flows (b) Common-size balance sheet (c) Trend analysis (d) Ethical issues in accounting **[7½×2=15]**

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