

**B.B.A. Part-I (Semester-I) Examination**  
**BBA-103 : BASICS OF ACCOUNTING**

Time : Three Hours]

[Maximum Marks : 80

- Note :—** (1) There are **three** Sections (A, B & C).  
 (2) Section-A : **20** marks, Section-B : **20** marks, Section-C : **40** marks.  
 (3) All questions are compulsory.  
 (4) Section-B and Section-C comprise of short and long questions respectively, one each from respective unit having internal choice from the same unit.  
 (5) Show necessary working notes wherever necessary.

**SECTION—A**

Choose an appropriate option :—

1. \_\_\_\_\_ Accounting keeps record of financial position and financial performance.
 

|               |                   |
|---------------|-------------------|
| (a) Financial | (b) Management    |
| (c) Cost      | (d) None of these |
2. Left hand side of an account is called \_\_\_\_\_.
 

|                 |                 |
|-----------------|-----------------|
| (a) Debit side  | (b) Credit side |
| (c) Middle side | (d) Centre      |
3. Amount invested by proprietors in business \_\_\_\_\_.
 

|              |                 |
|--------------|-----------------|
| (a) Drawings | (b) Investments |
| (c) Capitals | (d) Assets      |
4. Plant and machinery is \_\_\_\_\_.
 

|                 |                   |
|-----------------|-------------------|
| (a) Real A/c    | (b) Expenses A/c  |
| (c) Nominal A/c | (d) None of these |
5. Purchase account always shows \_\_\_\_\_ balance.
 

|             |              |
|-------------|--------------|
| (a) debit   | (b) credit   |
| (c) adverse | (d) specific |
6. Credit purchase of goods are recorded in \_\_\_\_\_.
 

|                          |                    |
|--------------------------|--------------------|
| (a) Sales book           | (b) Purchase book  |
| (c) Purchase return book | (d) Journal proper |
7. All entries are posted from journal to \_\_\_\_\_.
 

|                   |                   |
|-------------------|-------------------|
| (a) Balance sheet | (b) Trial Balance |
| (c) Cash A/c      | (d) Ledger        |

8. Rectification entries are passed in \_\_\_\_\_.
- (a) Ledger (b) Balance Sheet  
(c) Cash Book (d) Journal proper
9. Carriage inward is debited to \_\_\_\_\_ A/c.
- (a) Trading (b) Profit and Loss  
(c) Capital (d) None of these
10. Interest on Bank overdraft is an \_\_\_\_\_ of the concern.
- (a) Income (b) Assets  
(c) Expenditure (d) Profit
11. Trial Balance is a proof of \_\_\_\_\_ accuracy.
- (a) Grammatical (b) Arithmetic  
(c) Logical (d) Posting
12. Outstanding expenses is a \_\_\_\_\_ Account.
- (a) Real (b) Personal  
(c) Nominal (d) None of these
13. The co-ventures open a \_\_\_\_\_ Account with their Bank.
- (a) Joint Bank (b) Joint Venture  
(c) Co-venturers (d) Agent's
14. When goods are purchased for the joint venture, the amount is debited to :
- (a) Joint Venture A/c (b) Venture's Capital A/c  
(c) Purchase A/c (d) None of these
15. There are \_\_\_\_\_ parties to a bill of exchange.
- (a) Four (b) Three  
(c) Two (d) Five
16. A bill is drawn by \_\_\_\_\_.
- (a) Party (b) Drawee  
(c) Banker (d) Drawer
17. 
$$\text{Depreciation} = \frac{\text{Cost of Assets} - \text{Scrap Value}}{\text{Estimated working _____ of asset}}$$
- (a) Life Period (b) Hours  
(c) Days (d) Months
18. At the end of financial year, balance of depreciation account is transferred to :
- (a) Trading A/c (b) Profit & Loss A/c  
(c) Both (a) and (b) (d) None of these

19. Depreciation arises because of \_\_\_\_\_.
- (a) Wear and tear (b) Inflation  
(c) Fall in value of Asset (d) Profit
20. Depreciation is charged only on the \_\_\_\_\_.
- (a) Current Assets (b) Intangible Assets  
(c) Immovable Assets (d) Fixed Assets 20×1=20

**SECTION—B**

1. Explain the double entry system of book keeping. 4

**OR**

State the rule of debit and credit of Accounts. 4

2. Record the following transactions in the Purchase Book :

May 2018

- 1 Brought goods from Arvind and Co. for Rs. 50,000.  
3 Surender and Co. invoiced goods to us Rs. 70,000.  
4 Purchased typewriter for office use from Godrej Ltd. Rs. 1,10,000.  
6 Dinnath sold goods to us Rs. 50,000 (less 5% trade discount) Rs. 47,500.  
6 Cash Purchase Rs. 60,000. 4

**OR**

Rectify the following errors and Pass Journal entry :

- (a) Goods purchased from Krishna remained unrecorded in Purchase Book Rs. 1,800.  
(b) An old machine sold for Rs. 25,000 is entered in Sales A/c. 4
3. From the information given below, prepare P & L A/c for the year ended 31st March 2018 :

|                               | Amt. (Rs.) |
|-------------------------------|------------|
| Gross profit                  | 9,40,000   |
| Rent & Taxes                  | 65,000     |
| Bad debts                     | 12,000     |
| Profit on sale of Investments | 80,000     |
| Salaries                      | 1,95,000   |
| Insurance                     | 9,000      |
| Trade Expenses                | 48,000     |
| Interest earned               | 6,000      |

**Additional Information :—**

- (i) Salary included loan to an employee amounted to Rs. 12,000.  
(ii) Outstanding Rent Rs. 30,000. 4

**OR**

Prepare "Balance Sheet" as on 31st March 2017 with the help of following information of Marohar & Co. :

|                  | Rs.       |   |
|------------------|-----------|---|
| Cash at Bank     | 3,00,000  |   |
| Creditors        | 2,80,000  |   |
| Outstanding Rent | 10,000    |   |
| Debtors          | 5,40,000  |   |
| Closing Stock    | 1,20,000  |   |
| Capital          | 20,00,000 |   |
| Net Loss         | 4,80,000  |   |
| Prepaid wages    | 40,000    |   |
| Machinery        | 6,30,000  |   |
| Drawings         | 1,80,000  | 4 |

4. For mutual accommodation, Mr. Ramesh draws a bill on Mr. Pavan for Rs. 6,000 at 2 months. Ramesh discounts it at 10% p.a. and remits half the proceeds to Pavan.  
Pass necessary Journal entries in the books of Ramesh. 4

**OR**

Sudhir and Narendra signed a contract jointly to construct an office building for Abhay Enterprises Ltd. The contract price was Rs. 2,50,000. They opened a joint bank account and deposited Rs. 1,20,000 and 60,000 respectively. They agreed to share the profit and losses in the ratio of 3/5<sup>th</sup> and 2/5<sup>th</sup> respectively.

The following transactions are made from the Joint Bank A/c.

Wages Rs. 70,000. Material Purchased Rs. 1,25,000; apart from the above transactions Sudhir supplied material of Rs. 12,000 and Narendra paid the architect's fees Rs. 2,500. On completion of the construction the Abhay Enterprises Ltd. paid full amount. There was unused stock of material which was taken over by Narendra at Rs. 15,000/-

Prepare Joint Venture A/c. 4

5. Define Depreciation and explain the reason, why depreciation is charged. 4

**OR**

A machine was purchased for Rs. 5,00,000 and installation charges were Rs. 50,000. The scrap value was estimated to Rs. 10,000. The life of machine was estimated to be 10 years.

Calculate the amount of depreciation. 4

**SECTION—C**

1. Explain the importance and utility of Book Keeping. 8

**OR**

Discuss the basic accounting concept. 8

2. Pass Journal Entries of the following transactions :

March 2018

- 1 Purvesh started business with cash Rs. 30,000.  
Furniture Rs. 5,000, and Building Rs. 50,000.
- 5 Deposited in Bank Current A/c Rs.15,000.
- 7 Goods purchased from Kartik Rs. 5,000.
- 10 Goods sold to Aman Rs. 10,000.
- 12 Purchased Stationery Rs. 5,000.
- 15 Goods return to Kartik Rs. 500.
- 18 Goods sold to Gaurav on cash Rs. 2,000.
- 20 Paid to Gaurav by cheque Rs. 4,450 and received discount Rs. 50.
- 29 Paid Salary to staff Rs. 12,000. 8

**OR**

From the following prepare Madhav's A/c in the Books of Keshav :

2018

- Jan. 1 Madhav A/c shows Dr. balance Rs. 5,000.
- 2 Sold goods on credit to Madhav Rs. 3,000.
- 3 Madhav paid cash Rs. 4,000.
- 4 Received cash from Madhav Rs. 3,600 as full settlement. 8

3. From the following balances, prepare Trading Account and Profit and Loss Account of Mr. Shankar for the year ended 31st March, 2018 :

|                   | Rs.   |
|-------------------|---|
| Opening Stock     | 40,000                                      |
| Purchase          | 1,60,000                                    |
| Octroi            | 1,500                                       |
| Office expenses   | 3,750                                       |
| Wages             | 5,250                                       |
| Salary            | 8,000                                       |
| Purchase return   | 8,000                                       |
| Sales return      | 5,000                                       |
| Sales             | 2,50,000                                    |
| Repairs           | 4,000                                       |
| Interest received | 3,000                                       |
| Carriage          | 2,000                                       |
| Depreciation      | 10,000                                      |
| Closing Stock     | 57,000 <span style="float: right;">8</span> |

**OR**

Show the following in Profit and Loss A/c and Balance Sheet :

**Trial Balance  
as on 31st December 2017**

| Particulars      | Amount   | Amount |
|------------------|----------|--------|
| Debtors          | 1,20,000 | —      |
| Bad debts        | 12,000   | —      |
| Bad debt Reserve |          | 36,000 |
| Bills receivable | 30,000   | —      |

Adjustment :—

- (1) Unrecorded Sales Rs. 40,000
  - (2) Bills receivable dishonoured Rs. 10,000
  - (3) Bad debts Reserve 2.5%
  - (4) Bad debts 7.5% 8
4. Anita & Babita enter into a joint venture; they share the Profit & Loss in proportion of 3 : 2. A Bank A/c was opened in their joint name, Anita contributing Rs. 2,00,000 and Babita Rs. 1,00,000.

Anita purchased the goods for Rs. 50,000 and Babita paid Rs. 40,000 for the venture.

Payment made out of Joint Bank A/c were goods purchased Rs. 1,00,000, Wages Rs. 30,000, Commission Rs. 20,000.

Goods sold Rs. 3,00,000 and unsold goods worth Rs. 40,000 was taken over by Anita. Prepare Joint Venture A/c, Joint Bank A/c and Co-ventures A/c. 8

**OR**

On 1st February, Sunil sold the goods to Anil worth Rs. 3,000 and drew upon him a bill at 2 months for the amount. Anil gave him acceptance to the bill and returned it to Sunil on 4th March, Anil retired the bill under rebate of 6% p.a.

Give Journal Entries in the Books of Sunil and Anil. 8

5. Pratik Company Ltd. purchased a plant for Rs. 2,00,000 on 1st July 2013 and paid Rs. 5,000 on carriage and also spent Rs. 15,000 on its installation. The estimated life of the plant is 10 years with a scrap value of Rs. 20,000.

The Books of account of the company are closed on 31st March every year. Show the plant account for the first four years in the books of the company. 8

**OR**

M/s Sony Company purchased a machine for Rs. 1,00,000 on 1st Oct. 2010 on credit from M/s Kirloskar Pvt. Ltd. One more machine costing Rs. 60,000 was purchased by company on 1st July 2011. On 1 Jan. 2013 the machine purchased on 1 Oct. 2010 is sold through broker for Rs. 86,000 and brokerage @ 2% on selling price is paid. Depreciation is charged at the Rate 15% p.a. on reducing balance method on 31st March every year.

Find out Profit & Loss on sale of Asset. 8