

B.B.A. (Part—I) Semester—II Examination
BBA/203 : FUNDAMENTALS OF ACCOUNTING

Time : Three Hours]

[Maximum Marks : 80

- Note :—**(1) There are **three** Sections (A, B and C).
 (2) Section A – **20** marks, Section B – **20** marks and Section C – **40** marks.
 (3) **All** questions are compulsory.
 (4) In Section A first solved MCQ will be taken into consideration.
 (5) Section B and Section C comprise of short and long questions respectively, one each from respective unit having internal choice from the same unit.
 (6) Show necessary working notes.

SECTION—A

Choose an appropriate option.

1. Expenditure on purchase of a building is a _____ expenditure.
 (a) Revenue (b) Capital
 (c) Recurring (d) General
2. Income and Expenditure Account is a :
 (a) Capital Account (b) Real Account
 (c) Personal Account (d) Nominal Account
3. Subscription received in advance in current year will be _____ from the subscription of the current year.
 (a) Added (b) Subtracted
 (c) Ignored (d) Credited
4. Donations collected by school for construction of computer laboratory is :
 (a) Capital expenditure (b) Specific donation
 (c) General donation (d) Revenue income
5. The Capital in the beginning of the accounting year is ascertained by preparing :
 (a) Receipts and Payments Account (b) Cash Account
 (c) Statement of Profit or Loss (d) Opening Statement of Affairs
6. Under Single Entry System, interest on drawing is _____ to the adjusted closing capital.
 (a) Added (b) Subtracted
 (c) Ignored (d) None of these
7. General Ledger Adjustment A/c is opened in :
 (a) Debtors Ledger (b) Creditors Ledger
 (c) In both Debtors and Creditors Ledger (d) All of above
8. If the self balancing system is adopted, which of the following transactions are not considered ?
 (a) Bad debt recovered (b) Bad debt written-off
 (c) Credit purchase (d) Credit sale

9. The cost of goods sold on hire-purchase is transferred to :
- (a) Sales A/c (b) Purchase A/c
(c) Hire Purchase Trading A/c (d) All of above
10. In case of instalment system, total interest received by the seller is credited to :
- (a) Interest A/c (b) Interest Suspense A/c
(c) Sales A/c (d) Purchase A/c
11. The relationship between hire purchase and hire vendor is that of :
- (a) Bailee and Bailor (b) Seller and Buyer
(c) Agent and Principal (d) None of these
12. An amount paid by hire purchase at the time of delivery is :
- (a) Cash Payment (b) Installment
(c) Down Payment (d) None of these
13. Cash remitted by Branch, not received by the Head Office, is debited by the Head Office to :
- (a) Cash-in-transit A/c (b) Branch A/c
(c) Cash A/c (d) None of these
14. Goods sent to Branch at cost plus 25%. The loading on the invoice price is :
- (a) 20% (b) 25%
(c) 75% (d) 125%
15. H.O. invoiced goods to branch at 2/8 profit on selling price, find out amount of load on Opening Stock Rs. 75,000.
- (a) 81,750 (b) 20,750
(c) 35,750 (d) 18,750
16. In case of dependent branch, Fixed Assets Accounts are maintained by :
- (a) Branch (b) Department
(c) Head Office (d) None of these
17. List C gives details regarding the :
- (a) Current Asset (b) Fixed Asset
(c) Fully Secured Creditors (d) Partly Secured Creditors
18. Amount due to Government or Local Authority is a :
- (a) Secured claim (b) Unsecured claim
(c) Preferential claim (d) All of these
19. The Adjudicating Authority shall appoint interim resolution professional within ____ days of the insolvency commencement date.
- (a) 14 (b) 10
(c) 12 (d) 30
20. A Statement of Affairs shows the assets at :
- (a) Realisable value only (b) Book value only
(c) Book value as well as Realisable value (d) None of the above

1×20=20

SECTION—B

1. Hanuman Krida Mandal, Akola has given the following particulars, prepare Receipts and Payments Account for the year ended 31st March, 2018 :

Particulars	Rs.
(1) Cash Balance (1 st April, 2017)	10,000
(2) Rent Received	9,000
(3) Repairs	2,500
(4) Office Expenses	6,000
(5) Member Fees	14,000
(6) Taxes Paid	7,500
(7) Salaries Paid	15,000
(8) Other Income	15,000
(9) Pre-paid Salary	3,000
(10) Outstanding Taxes	1,000
(11) Life Membership Fee	30,000
(12) Bank Balance (31 st March, 2018)	5,000
(13) Investment Purchased	10,000
(14) Bank Balance (1 st April, 2017)	40,000
(15) Tournament Fund	20,000

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OR

Following are the "Receipts and Payments" at Divya Sports Club for the year ended 31st March, 2017 :

'Receipts and Payments Account'

Receipts	Rs.	Payments	Rs.
Opening Balance	18,750	Printing Exp.	37,760
Subscription :		Salary	1,72,000
2015-16 39,000		Stationery	56,940
2016-17 2,40,000	2,79,000	Rent and Taxes	18,930
Income from Sports	42,000	Repairs	12,500
Income on Advertisement	29,000	Purchase Furniture	50,000
Bank Interest	1,250	Closing Balance	21,870
	3,70,000		3,70,000

Adjustment :

- (i) Outstanding salaries Rs. 12,000.
- (ii) Subscription receivable Rs. 20,000
- (iii) Provide Depreciation @ 10% on Purchase Furniture

Prepare "Income and Expenditure Account".

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2. From the following particulars prepares Sales Ledger Adjustment Account in the General Ledger :

Balances on :

1-4-2017 (Dr.) 2,500

1-4-2017 (Cr.) 60

Transactions during the month of April :

Particulars	Rs.	
Sales	7,440	
Cash received from Debtors	4,010	
Discount allowed	100	
Bad Debts	750	
Bills Receivable dishonoured	200	
Closing Credit Balance	150	
Sales Return	350	
Bills Receivable received	500	4

OR

Mr. Sanjay keeps his books on single entry system. His capital on 31-3-2017 is Rs. 18,700 and on 1st April, 2016 was Rs. 19,200. He gave loan of Rs. 3,500 to his brother on private account and withdrew Rs. 300 p.m. for personal purpose. He used a flat for his personal purpose, the rent of which @ Rs. 100 p.m. and electric charges Rs. 10 p.m. were paid from the business account.

You are required to prepare his Statement of Profit for the year ended 31-3-17. 4

3. On 1st January, 2015 a Businessman purchased a machine on installment purchase system. The cash price of the machine is Rs. 20,000 and installment is Rs. 23,000. The mode of the payment is as follows : On the day of contract, Rs. 5,000 and balance amount is to be paid in three equal annual installments of Rs. 6,000 on 31st December every year. Depreciation of the machine to be charged @ 20% on Diminishing Balance system. Prepare Seller's Account in the books of the Purchaser. 4

OR

Pune Machineries purchased a machine from J.K. Traders on Hire Purchase Agreement on 1st January, 2017, paying cash Rs. 10,000 and agreeing to pay three installments of Rs. 10,000 each on 31st December every year. The cash price of machine is Rs. 37,250 and J.K. Traders charges interest at 5% p.a. The Pune Machineries writes off depreciation at 10% per annum on Reducing Balance Method. Pass the Journal Entries in the books of Pune Machineries for one year. 4

4. From the following, find out the amount of load if Head Office sends goods to Branch at cost + 1/4 :

Opening Stock	11,000	
Goods sent to Branch	20,000	
Goods returned to H.O.	300	
Closing Stock	13,000	4

OR

Explain the main features of Dependent Branch. 4

5. From the following, prepare Deficiency A/c :

	Rs.	
Excess of Liabilities over Assets	60,000	
Deficiency	1,35,380	
Loss arising out of business	5,000	
Book Debts (only Rs. 20,000 are good)	40,500	
Household Expenses	26,000	
Interest on Capital	9,000	
Loss on Betting	15,000	
Liability on Bills discounted (Expected to Rank 3,500)	10,000	
Share of Company (Estimated to Realise Rs. 30,000)	50,000	
Stock (Loss on realisation Rs. 11,880)	20,000	
Profit arising out of business	17,500	4

OR

Explain the list of Liabilities A to D. 4

SECTION—C

1. Following is the Receipts and Payments Account for the year ended 31st December, 2016 at Benzeer Club, Ahmedabad :

**Receipts and Payments A/c
For the year ending 31st December, 2016**

Receipts	Amount	Payments	Amount
Bank Balance	1,37,500	Salary	4,76,000
Donation	10,43,000	Tax	39,000
Subscriptions	7,44,500	Wages	1,44,000
Admission Fees	1,20,000	Postage	12,000
Interest	1,33,000	Printing	63,000
Income from Tournament	2,70,000	Repairs	95,000
		Expenses on Tournament	1,90,000
		Newspaper	1,23,000
		Balance	13,06,000
	24,48,000		24,48,000

Adjustments :

- (i) Donation treated as Capital (Donation Credited to Capital Fund A/c).
- (ii) Outstanding Expenses on 31st December, 2016 : Wages Rs. 15,000, Printing Rs. 7,200.
- (iii) Subscription for the year 2017 Rs. 4,000 is included in the received subscription.
- (iv) Depreciation on Building 5%, Furniture 10%.
- (v) Assets and Liabilities as on date 1st January, 2016 :
Furniture Rs. 10,00,000, Building Rs. 45,00,000, Investment Rs. 13,00,000, Outstanding Salary Rs. 36,000.

Prepare Income and Expenditure A/c and Balance Sheet for the year 2016.

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OR

Lalit Kala Kendra Mumbai gives you the following information, for the year ended on 31-3-2017. You are required to prepare :

- (i) Income and Expenditure Account for the year ending on 31-3-2017.
- (ii) Balance Sheet as on 31-3-2017.

Receipts and Payments Account
For the year ending 31-3-2017

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d		By Stationery	500
Cash in Hand	1,300	By Furniture Purchased	5,000
Cash at Bank	9,500	By Investments	10,000
To Locker Rent	500	By Expenses of Drama	3,350
To Entrance Fees	1,900	By Postage and Telegrams	250
To Sale of old Newspaper	150	By Magazines and Newspapers	400
To Receipts from Drama	7,850	By Salaries	2,200
To Legacies	11,000	By Balance c/d	
To Miscellaneous Receipts	800	Cash in Hand	300
		Cash at Bank	11,000
	33,000		33,000

Additional information :

- (i) Capital Fund on 1-4-16 was Rs. 10,800.
- (ii) Legacies are to be capitalised.
- (iii) Outstanding salary Rs. 300.
- (iv) 50% entrance fees are to be capitalized.

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2. From the following particulars prepare the Purchases and Sales Ledger Adjustment Accounts as they will appear in the General Ledger showing the total Credit Balances in the Purchase Ledger and total Debit Balances in the Sales Ledger :

		Purchase Ledger	Sales Ledger
		(Rs.)	(Rs.)
2017			
Jan. 1	Balance : Debit	210	54,500
	Credit	32,600	1,300
Dec 2	Purchases and Sales	17,490	33,200
3	Returns	1,200	2,520
4	Cash	18,300	34,300
5	Bills Payable and Receivable	3,000	8,900
6	Discount	320	1,100
7	Bills Receivable Dishonoured	—	1,000

An account with a balance of Rs. 660 is to be transferred from the Purchases Ledger to the Sales Ledger. At the close of the year, the Purchase Ledger contains debit balance amounting to Rs. 210 and the Sales Ledger contains credit balance amounting to Rs. 120. 8

OR

Ramprakash keeps his books under single entry system. His Capital as on 1st April, 2017 was Rs. 40,000. His position as on 31st March, 2018 was as follows :

Particulars	Amount (Rs.)
Land and Building	40,000
Furniture	6,000
Plant and Machinery	27,500
Stock	25,000
Debtors	25,000
Bank Balances	5,000
Creditors	37,500
Loan from Bank	25,000

His drawings during the year amounted to Rs. 4,000, Land and Building was overvalued by Rs. 7,500 whereas Furniture was undervalued by Rs. 3,600. Plant and Machinery is to be depreciated by 10%. Bad Debts amounted to Rs. 1,000. Interest on Bank Loan payable Rs. 2,500. Prepaid Insurance Rs. 600.

Prepare Statement of Affairs as on 31st March, 2018 and Statement of Profit or Loss for the year ended 31st March, 2018. 8

3. A Motor car was purchased by the Kanpur Transport Company on Hire Purchase system.

(a) Hire Purchase Value	Rs. 1,60,000
(b) Paid at the time of contract	Rs. 40,000
(c) Annual Installment	Rs. 40,000
(d) Total Annual Installments	Three
(e) Cash price of the Motor Car	Rs. 1,48,600

Calculate the amount of interest in every installment and prepare an interest account in the books of Kanpur Transport Company. 8

OR

Shri Jay purchased a Motorcycle on Hire Purchase system. The total cash price of the motor cycle Rs. 1,59,800 payable Rs. 40,000 down and three installments of Rs. 60,000, Rs. 50,000 and Rs. 20,000 payable at the end of the first, second and third year respectively. Interest is charged at 5%. You required to prepare in the books of Jay :

- (a) Hire Vendor Account
(b) Interest Account. 8

4. Asha Traders, Nagpur has received the following Trial Balance from its Pune Branch for the year ended 31st December, 2017 :

Trial Balance

Particulars	Amount (Rs.)	Amount (Rs.)
Stock (1-1-17)	12,000	
Purchases	25,800	
Goods from H.O.	5,300	
Wages	4,200	
Sales		48,000
Goods returned to H.O.		300
Trade Expenses	6,400	
Cash in Hand	300	
Sundry Debtors	6,000	
Furniture	3,000	
Sundry Creditors		4,000
Head Office A/c		10,700
	63,000	63,000

Closing Stock of the Branch on 31st December, 2017 was Rs. 7,200. Pass necessary entries to incorporate the Pune Branch Assets and Liabilities in the books of H.O. and prepare 'Branch Trading A/c', 'Profit and Loss A/c' and 'Branch A/c'. 8

OR

What are Departmental Accounts ? Explain their advantages. 8

5. Shri Anurag filed his petition for bankruptcy on December 31, 2017. On this date his books show the following balances :

Particulars	Dr. Amount	Cr. Amount
Cash in Hand	2,000	
Fixtures and Fittings (estimated to produce Rs. 16,000)	50,000	
Stock in Trade (estimated to produce Rs. 2,40,000)	3,60,000	
Trade Creditors		4,00,000
Bills Payable		4,40,000
Sundry Debtors :		
Good	2,00,000	
Doubtful (estimated to produce 50%)	4,00,000	
Bad	4,00,000	
Bank overdraft		2,40,000
Capital		3,32,000
	14,12,000	14,12,000

Preferential creditors included trade creditors amounting to Rs. 7,000. Liability on bills discounted was Rs. 1,00,000 out of which Rs. 20,000 were expected to Rank. His household furniture etc. was valued at Rs. 60,000. He owned a house valued at Rs. 1,50,000 having a mortgage on it of Rs. 1,20,000 at 4% p.a.; interest was paid upto June 30, 2017. Creditors for rates on the house amounted to Rs. 30,000.

Prepare a Statement of Affairs and Deficiency Account of Shri Anurag.

8

OR

Chanda a merchant in Chennai estimated his deficiency to be Rs. 1,00,000 while his Assets and Liabilities as on December 31, 2017 were shown as Rs. 3,00,000 and Rs. 2,50,000 respectively. He subsequently learnt that the following items were not adjusted in the books of Account :

- (i) Interest on Capital Rs. 15,000.
- (ii) Liabilities on Bills discounted amounted to Rs. 1,20,000 out of which Rs. 50,000 were expected to Rank.
- (iii) Salaries Rs. 7,000 (for 3 clerks).
- (iv) Wages for Rs. 2,500 (for 3 labourers)
- (v) Rent for December Rs. 500.

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