

B.B.A. Part—I (Semester—II) Examination
FUNDAMENTALS OF ACCOUNTING

Paper : BBA-203

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 wherever necessary.

SECTION—A

- | | | | |
|----|--|------------------------------|---|
| 1. | Legacies are generally : | | 1 |
| | (a) Treated as income | | |
| | (b) Capitalised and taken to Balance Sheet | | |
| | (c) Treated as expenditure | | |
| | (d) None of the above | | |
| 2. | Non-Trading institutions prepare : | | 1 |
| | (a) Profit and Loss A/c | (b) Manufacturing A/c | |
| | (c) Trading A/c | (d) Income & Expenditure A/c | |
| 3. | Receipts and Payments A/c shows : | | 1 |
| | (a) Income and Expenditure | (b) Assets and Liability | |
| | (c) Cash Receipts and Payments | (d) All of above | |
| 4. | Subscriptions received in advance is : | | 1 |
| | (a) An Income | (b) An Expense | |
| | (c) An Asset | (d) A Liability | |

5. Credit purchases are ascertained by preparing : 1
 (a) Total Creditors A/c (b) Total Debtors A/c
 (c) Purchase A/c (d) Sales A/c
6. The figure of opening Capital is ascertained from : 1
 (a) Cash A/c (b) Total Debtors A/c
 (c) Opening Statement of Affairs (d) Closing Statement of Affairs
7. General Ledger Adjustment A/c is opened in : 1
 (a) Debtors Ledger (b) Creditors Ledger
 (c) In both Debtors and Creditors Ledger (d) All of above
8. Transfer from one Ledger to another : 1
 (a) Decreases debtors and creditors (b) Increases debtors
 (c) Increases debtors and creditors (d) Increases creditors
9. The amount of interest is credited by the buyer to : 1
 (a) Interest A/c (b) Asset A/c
 (c) Vendor A/c (d) None of the above
10. The cost of goods sold on hire purchase is transferred to : 1
 (a) Sales A/c (b) Purchase A/c
 (c) Hire Purchase Trading A/c (d) All of above
11. In case of instalment system, total interest receivable by the seller is credited to : 1
 (a) Interest A/c (b) Interest Suspense A/c
 (c) Sales A/c (d) Purchase A/c
12. On Seizure of the goods by the hire vendor, the balance in the Asset account is transferred to : 1
 (a) P & L A/c (b) Goods Repossessed A/c
 (c) Asset A/c (d) Hire Vendors A/c
13. If goods are returned by a customer to Branch, the entry to be passed in the books of Head Office is : 1
 (a) Branch Stock A/c Debit to Returns Inward A/c
 (b) Branch Stock A/c Debit to Branch Debtors A/c
 (c) Branch Debtors A/c Debit to Branch Stock A/c
 (d) Branch Stock A/c Debit to Returns Outward A/c

14. Goods sent to Branch at cost plus 25%. The loading on the invoice price is : 1
 (a) 75% (b) 25%
 (c) 125% (d) 20%
15. In case of manufacturing concerns, the balance in "Goods sent to Branch A/c" will be transferred to : 1
 (a) Purchase A/c (b) Sales A/c
 (c) Trading A/c (d) Branch A/c
16. Cash remitted by Branch, not received by the Head Office, is debited by the Head Office to : 1
 (a) Cash-in-transit A/c (b) Branch A/c
 (c) Cash A/c (d) None of these
17. List C gives details regarding the : 1
 (a) Current Asset (b) Fixed Assets
 (c) Fully Secured Creditors (d) Partly Secured Creditors
18. Amount due to Government or Local authority is a : 1
 (a) Secured claim (b) Unsecured claim
 (c) Preferential claim (d) All of these
19. Under the Provincial Insolvency Act, Salary due to a clerk is preferential creditors to the extent of : 1
 (a) Rs. 20 (b) Rs. 100
 (c) Rs. 150 (d) Rs. 300
20. Under the Presidency Town Insolvency Act, 1909, Max. Limit of wages Rs. _____ or 4 months whichever is less is preferential creditors. 1
 (a) Rs. 20 (b) Rs. 100
 (c) Rs. 300 (d) None of these

SECTION—B

1. Calculate the amount of Stationery :

- (1) Amount paid for Stationery during the year 2016-17 Rs. 1750.
- (2) Stock of Stationery on 1st April, 2016 Rs. 150.
- (3) Paid advance for Stationery on 31st March 2017 Rs. 200.
- (4) Paid advance for Stationery during March 2016 but received Stationery during the year 2017 Rs. 250.
- (5) Creditors for Stationery on 1 April 2016 Rs. 370.
- (6) Stock of Stationery on 31st March 2017 Rs. 415.
- (7) Creditors for Stationery on 31st March 2017 Rs. 300. 4

OR

From the following, find out the amount of Subscription to be Credited to Income and Expenditure Account for the year 2017 :

Subscription received in 2017 Rs. 48,000 which include Rs. 4,000 for 2016 and Rs. 8,000 for 2018.

Subscription received in 2016 in advance for 2017 were Rs. 12,000. 4

2. From the following information, find out the Credit Sales :

	Rs.	
Cash received from Debtors	53,000	
Discount allowed to them	800	
Return Inwards	1,500	
Balance of Debtors on April, 2016	10,000	
Balance of Debtors on March, 2017	9,500	
Bills receivable from Debtors	13,000	
Bad debts during the year 2016-17	700	
Bills Receivable Dishonoured	950	4

OR

Find out the opening Capital from the following information :

	Rs.	
Closing Capital	8,000	
Profit made during the year	2,400	
Capital introduced during the year	2,000	
Drawings	1,200	4

3. A agrees to purchase a machine from a seller under Hire Purchase System by annual instalment of Rs. 10,000 over a period of 5 years. The seller charges interest at 4% p.a. on yearly balance.

The present value of Re. 1 p.a. for five years at 4% is Rs. 4.4518. Find out the amount of Interest on each Instalment. 4

OR

On 1st January 2015, Gopal bought a machine from Ram and Co. on Instalment system, the Cash price of the machine being Rs. 35,775, under the following terms :

- (a) Rs. 10,000 payable on signing the agreement i.e. 1 Jan. 2015.
- (b) Remaining Balance to be paid in three equal installments of Rs. 10,000 each at the end of the subsequent years.
- (c) Interest to be charged at the rate of 8%.
- (d) Depreciation to be provided at 10% p.a. on Diminishing Balance Method.

Prepare Analysis Table and also find out the amount of Depreciation for three years. 4

4. Describe the accounting procedure involved in a department Branch. 4

OR

From the following particulars, Prepare Branch A/c showing the Profit or Loss of the Branch :

	Rs.
Opening Stock at the Branch	30,000
Goods sent to Branch	90,000
Sales (Cash)	1,20,000
Expenses :	
Salaries	10,000
Other Expenses	4,000

Closing stock could not be ascertained, but it is known that the Branch generally sells at cost plus 20%. The Branch Manager is entitled to a commission of 5% on the profit before charging such commission. 4

5. Who are Preferential Creditors according to the Presidency Towns Insolvency Act and Provincial Insolvency Act ? 4

OR

What is a Deficiency Account ? How is it prepared ? 4

SECTION—C

1. The following particulars relate to the Rising Stars Sports Club :

Income & Expenditure A/c for the year ended 31st Dec. 2017

Expenditure	Rs.	Income	Rs.
To Salary	1,500	By Entrance Fees	10,500
To Printing & Stationery	2,200	By Subscriptions	15,600
To Advertising	1,600	By Rent Receivable	4,000
To Audit Fees	500		
To Fire Insurance	1,000		
To Depreciation on Sports equipment	9,000		
To Surplus	14,300		
	30,100		30,100

Receipts & Payments A/c for the year ended 31st Dec. 2017

Receipts	Rs.	Payments	Rs.
To Balance	4,200	By Salary	1,000
To Entrance Fees 2016	1,000	By Printing & Stationery	2,600
To Entrance Fees 2017	10,000	By Advertising	1,600
To Subscriptions 2016	600	By Fire Insurance	1,200
To Subscriptions 2017	15,000	By Investments Purchase	20,000
To Subscriptions 2018	400	By Balance	7,800
To Rent Received	3,000		
	34,200		34,200

The assets on 1st January 2017 included Club Grounds and Pavilion Rs. 44,000, Sports equipment Rs. 25,000 and Furniture and Fixtures Rs. 4,000.

Prepare the Opening and Closing Balance Sheets. 8

OR

What are the Special items relating to Non-Trading Concerns and how will you treat them ?

8

2. Prepare Total Debtors A/c and Bills Receivable A/c for the year ended 31st March, 2017 from the following :—

	Rs.	
Total Sales during the year	1,12,500	
Cash Sales during the year	29,450	
Returns inward during the year	450	
Discount during the year	150	
Cash received during the year	68,750	
Cash received against B/R during the year	2,900	
Provision for bad debts made during the year	650	
Debtors on 31st March 2016	39,250	
Provision for Bad debts on 31st March 2016	850	
Debtors on 31st March 2017	49,850	
Bills Receivable on 31st March 2016	1,900	
Provision for Bad debts on 31st March 2017	600	8

OR

From the following transactions, Prepare Bought Ledger Adjustment A/c in General Ledger and General Ledger Adjustment A/c in Sold Ledger :

		Rs.
2016		
1 April	Balance of Debtors	15,000
	Balance of Creditors	20,000
2017		
31 March	Credit Purchases	3,000
	Credit Sales	10,800
	Paid to Creditors	9,875

	Rs.	
Discount allowed by them	325	
Received Cash from Debtors	7,800	
Allowed them Discount	200	
Accepted Bills Payable	1,500	
Received Bills Receivable	3,000	
Return Inwards	875	
Return Outwards	600	
Allowances to Debtors	275	
Allowances from Creditors	150	
Bad debts	450	
Bills Receivable dishonored	375	8

3. On 1st January 2015 Mr. Rajesh purchased a Car from 'Y' Ltd. on Hire Purchase System, the Cash Price of which was payable as Rs. 12,000 for Down Payment and balance in three equal annual installments together with interest @ 10% p.a. The amount of the last instalment including interest was Rs. 17,600. Depreciation was charged at 20% p.a. on reducing Balances. At the end of 3rd year, the Car was sold for Rs. 30,000 in cash.

Show Car A/c and Vendor A/c in the Books of the buyer for three years to 31st December 2017. 8

OR

On 1st January 2015, the New Colliery Co. bought Wagons on Instalment System. The Cash price of Wagons was Rs. 11,175 and payment was to be made as follows :

An amount of Rs. 3,000 was to be paid on agreement. The balance to be paid in three installments of Rs. 3,000 each on 31st Dec. at the end of the year.

5% interest is charged by the Wagon Co. p.a. The Co. has decided to charge depreciation @ 10% p.a. on diminishing balance method. Pass the necessary journal entries in the both the Companies. 8

4. A Company at Amravati has two branches at Akola and Buldhana. The Head Office and Branches close their books of A/c on 31st December. The following adjustments have not yet been given effect to and therefore you are required to give the adjusting entry for the following :
- (a) Remittance of Rs. 4,500 made by Akola to Head Office on 30th December received by the Head office on 5th January.
- (b) Goods valued at Rs. 2,000 despatched by Buldhana Branch on 27th December under instructions from Head Office and received by Akola Branch on 30th December.
- (c) Depreciation amounting to Rs. 1,100 on Akola Branch assets, the accounts of such assets being maintained by Head Office.
- (d) Goods worth Rs. 9,000 despatched by the Head Office to Akola Branch on 30th December received by that Branch on 7th January.
- Show the Journal entries in the Books of Head Office. 8

OR

- What are Departmental Accounts ? Explain their advantages. 8
5. Explain the insolvency procedure laid down by the legislation in India. 8

OR

'A' finding himself unable to meet his liabilities filed his petition on 31st Dec. 2017. From the details obtained, you are asked to prepare Statement of Affairs and Deficiency Account :

	Rs.
Cash in Hand	50
Stock (estimated to realise 75%)	8,000
Building (due to appreciation it is likely to fetch Rs. 6,000)	5,500
Furniture (estimated to bring Rs. 400)	700
Debtors amounted to Rs. 740 of which Rs. 100 are bad and Rs. 340 are good and remaining are expected to bring in Rs. 200.	
Bills of Exchange	390
Scooter (Mortgaged with Creditors for a loan of Rs. 6,700)	
expected to be sold for Rs. 3,000	6,000

Creditors for Rent and Taxes are Rs. 500 but only Rs. 300 of this can rank as preferential. There are Contingent Liabilities on bills discounted amounting to Rs. 2,500 of which the sum of Rs. 1,000 is expected to rank. Fully Secured Creditors for Rs. 2,000 have a charge of mortgage on the buildings.

'A' had a Surplus of assets of Rs. 5,000 on 1st Jan. 2014. He had been withdrawing for his private expenses Rs. 800 a year. It appears from his books in the first and second year that he has made a profit of Rs. 2,850 and Rs. 1,800 respectively and losses in the third and fourth year of Rs. 2,000 and Rs. 2,100 respectively, after allowing Rs. 200 a year by way of interest on Capital Surplus of Rs. 200 is available from his private estate. 8