

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

Time : Three Hours]

[Maximum Marks : 80

- Note :—**(1) ALL questions are compulsory.  
(2) All questions carry equal marks.

1. (a) Show the following in the Profit and Loss A/c and Balance Sheet of Ram :

**Trial Balance as on 31<sup>st</sup> March 2016**

Particulars	Dr. Amt.	Cr. Amt
Debtors	40,000	
Bad Debts	1,000	
Provision for Bad and doubtful debts	—	2,000

**Adjustments :** Write off Rs. 2,000 as further bad debts and maintain provision for bad and doubtful debts as 5% on debtors. 4

- (b) Define accounting and its main features. 4
- (c) The Trial Balance of Mr. A shows the difference of Rs. 1,709 which was credited to Suspense Account. The following errors were later discovered. Give journal entries :
- (i) Sales Book was undercast by Rs. 2,000
- (ii) Purchase of machinery for Rs. 3,000 was passed through Purchase Book
- (iii) Goods sold to Raj for Rs. 45 was posted to his account as Rs. 54
- (iv) Purchase Return Book overcast by Rs. 200
- (v) The actual total of Sales Book page was carried forward as Rs. 1,222 instead of 1122. 4
- (d) Why the rectification of errors is necessary ? 4

**OR**

- (e) Show the ledger A/c of Yash in the books of Raj :
- (i) Sold goods of Rs. 5,500 to Yash on Rs. 500 trade discount
- (ii) Bought goods of Rs. 2,200 from Yash on Rs. 200 trade discount
- (iii) Goods of Rs. 50 returned by Yash
- (iv) Yash settled the A/c by paying Rs. 2,750. 4

- (f) From the following information, draw a Trial Balance in the Books of Shri Haridas Chaki as on 31<sup>st</sup> March 2017. Capital Rs. 1,40,000, Purchases Rs. 36,000, Discount Allowed Rs. 1,200, Carriage Inward Rs. 8,700, Carriage Outward Rs. 2,300, Sales Rs. 60,000, Return Inwards Rs. 300, Return Outward Rs. 700, Rent and Taxes Rs. 1,200, Plant and Machinery Rs. 80,700, Stock on 1<sup>st</sup> April 2016 Rs. 15,500, Sundry Debtors Rs. 20,200, Sundry Creditors Rs. 12,000, Investments Rs. 3,600, Commission Received Rs. 1,800, Cash in Hand Rs. 100, Cash at Bank Rs. 10,100, Motor Cycle Rs. 34,600 and Stock on 31<sup>st</sup> March 2016 (not adjusted) Rs. 20,500. 4
- (g) From the following balances prepare Trading Account of Mr. Shyam for the year ended 31<sup>st</sup> Dec. 2017 :

Particulars	Amount Rs.	Particulars	Amount Rs.
Cash Sale	1,50,000	Opening Stock	20,000
Cash Purchase	80,000	Free Sample	8,000
Wages	5,000	Return Inwards	5,000
Credit Purchase	15,000	Rent (3/4 factory)	10,000
Return Outward	5,000	Carriage (out of which	
Salary	5,000	Rs. 1,000 related to sale)	4,000
Closing Stock	27,000		

**Additional Information :**

- Opening and closing stock undervalued by 20% and 10% respectively. 4
- (h) Explain the importance of Double Entry System of Book-keeping. 4
2. (a) Das, Bose and Gupta undertake to erect a five — storied mansion for National Housing Trust Ltd. The contract price is agreed at Rs. 25,00,000 to be paid in cash, Rs. 22,00,000 by equal four instalments and the balance amount in 8% debentures of the company. They agree to share equally the profit and loss.
- They opened a Joint Bank Account with cash contributed as stated below :
- Das Rs. 3,00,000; Bose Rs. 3,75,000 and Gupta Rs. 2,00,000.

Das arranges the preparation of building plans etc. and pays Rs. 32,000 as architect's fees. Bose brings concrete mixer and other implements valued at Rs. 80,000 and Gupta brings a motor lorry valued at Rs. 75,000.

They paid in cash for the following :

Material	Rs. 12,26,800,	Sundry Expenses	Rs. 20,000
Wages	Rs. 7,33,200,	Plant	Rs. 60,000

On completion of the venture concrete mixer is sold for Rs. 50,000 and plant and other implements are sold for Rs. 10,000. Gupta takes back the motor lorry at Rs. 40,000. Das took over the debentures issued by the company at a valuation of Rs. 2,80,000.

Show the necessary ledger accounts for Joint Venture.

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**OR**

- (b) Rao owed Mohan Rs. 10,000 on 2.1.2014. Rao accepted four bills of exchange drawn by Mohan to discharge the whole debt. The first for Rs. 1,000 for one month, the second for Rs. 2,000 for two months, the third for Rs. 3,000 at three months and the last for Rs. 4,000 at four months. On 15<sup>th</sup> Jan. Mohan sent the first bill to bank for collection. On 17<sup>th</sup> Jan. he endorsed the second bill in favour of X. On 1<sup>st</sup> Feb. he got the fourth bill discounted with the bank @ 8% p.a. The first three bills were duly honoured but the fourth one i.e. the discounted one was dishonoured on the due date, noting charges being Rs. 50.

Show the entries in the books of Mohan.

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3. (a) Dinesh and Co. has three ledgers in use which are kept on self-balancing system. From the following particulars, prepare :

- (i) In Debtors' Ledger General Ledger Adjustment A/c  
(ii) In Creditors' Ledger General Ledger Adjustment A/c  
(iii) In General Ledger Debtors' Ledger Adjustment A/c  
(iv) In General Ledger Creditors' Ledger Adjustment A/c

Jan. 1 Balance of Sundry Debtors	1,60,000	Accepted B/P	15,000
Jan. 1 Balance of Creditors	1,85,000	Received B/R	30,000
Jan. 31 Credit Purchases	45,000	Return Inwards	8,750
Credit Sales	98,000	Return Outwards	6,000
Paid to Creditors	98,750	Rebate Allowed to debtors	2,750
Discount allowed by them	3,250	Rebate Allowed from creditors	1,500
Received cash from Debtors	78,000	Bad Debts	4,500
Allowed them discount	2,000	B/R dishonoured	3,750

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**OR**

- (b) Following balances are extracted from the books of Jayant, who keeps incomplete records of his transactions :

	1 <sup>st</sup> Jan 2014 (Rs.)	31 <sup>st</sup> Dec. 2014 (Rs.)
Stock	2,400	3,000
Debtors	4,000	3,200
Creditors	1,700	3,900
Cash in Hand	2,000	3,800
Bank Overdraft	2,400	—
Furniture and Fittings	800	1,000
Motor Bike	9,500	9,500
Bills Receivable	2,000	4,300

Drawings during the year amounted to Rs. 2,800. Depreciate Furniture and Fittings @ 5% and write off Rs. 500 on motor bike. Rs. 100 is irrecoverable and a further provision of 5% for doubtful debts are to be provided. Further, a provision of Rs. 200 in respect of bills are also to be provided.

Ascertain the profit or loss for the year ended 31<sup>st</sup> Dec. 2014 and prepare a Statement of Affairs as on date.

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4. (a) From the following information, calculate the amount of stationery to be charged to Income and Expenditure Account for the year 2016 :

Stock of stationery as on 1.4.2015	800	
Stock of stationery as on 31.3.2016	400	
Paid for stationery during 2015	4,000	
Creditors for stationery as on 1.4.2015	240	
Creditors for stationery as on 31.3.2016	600	
Advance payment for stationery as on 31.3.2014 carried forward	200	
Advance payment for stationery as on 31.3.2016	300	4

- (b) Mr. Duppat purchased a motor car on hire purchase on 1/1/2010 for the cash price of Rs. 7,450 from Dipak Agency, the hire purchase value Rs. 8,000. On the agreement Rs. 2,000 paid as down payment and remaining amount paid into three equal instalments of Rs. 2,000 each every year. Depreciation charged @ 10% p.a. Prepare Analysis Table. 4

- (c) Explain Instalment System and its features. 4

- (d) Rohit purchased a car on Hire Purchase System from Satish Motors Ltd. on 1/1/2015 for Rs. 2,60,000. He paid Rs. 20,000 on signing the contract and thereafter four half yearly instalments of Rs. 60,000 each on 30<sup>th</sup> June and 31<sup>st</sup> December every year. The cash price of the car was Rs. 2,10,000 and Satish Motors Ltd. charged the interest @ 20% p.a.

Give journal entries in the books of Rohit for the year 2015. 4

OR

- (e) Explain the difference between Receipt and Payment and Incomes & Expenditure A/c. 4

- (f) From the following information related to Receipt and Payment of Calcutta Association for the year ending 31<sup>st</sup> March, 2016, prepare Income and Expenditure A/c.

Receipts	Amount	Payments	Amount
To Balance	1,500	By Travelling Expense	2,000
To Entrance Fees	375	By Stationery	1,500
To Subscription :		By Salaries	3,700
2014-15	200	By Wages	8,000
2015-16	15,000	By Repairs	1,250
2016-17	700	By Interest	470
To Special Subscription for Chairman's Party	3,250	By Balance	4,105
	<u>21,025</u>		<u>21,025</u>

Stationery expenses include Rs. 300 for the year 2015-16. Similarly, salary for the March month 2016 Rs. 700 is not yet paid. Subscription unpaid for the current year is Rs. 300. Special subscription for the Chairman's party Rs. 100 is yet outstanding.

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- (g) Sandip Enterprise purchase a machine from Kavita Traders on 1/4/2010 on Hire Purchase System. The total cash price of machine is Rs. 3,00,000; payable Rs. 1,00,000 as a down-payment and three instalments of Rs. 90,000 each payable at the end of each year respectively. Interest is charged @ 17% p.a. and depreciation is charged @ 15% p.a. by straight line method.

Prepare Machine A/c in the books of Sandip Enterprise. 4

- (h) Find out the amount of Salaries to be debited to the Income and Expenditure A/c from the details given below :

Payment made for Salaries during 2007	24,000	
Outstanding Salaries as on 31.12.2006	1,000	
Outstanding Salaries as on 31.12.2007	1,600	
Prepaid Salary as on 31.12.2006	600	
Prepaid Salary as on 31.12.2007	800	4

5. (a) From the following information prepare Branch Debtors A/c in the books of head office :

Debtors on 1/4/2014	39,000	Discount allowed	45,000
Total sales	5,40,000	Debtors on 31 <sup>st</sup> March 2015	34,500
Cash sales	2,77,500	Interest charged	2,250
Bills receivable	60,000	Received bill dishonoured	5,000

- (b) Trading and Profit & Loss A/c of Radio and Gramophone Equipment Co. for six months ended 31<sup>st</sup> March 2008 is presented :

Particulars	Amt.	Particulars	Amt.
Purchases :		Sales :	
Radios (A)	1,40,700	Radio (A)	1,50,000
Gramophone (B)	90,600	Gramophone (B)	1,00,000
Spare Parts (C)	64,400	Receipts from spare parts (C)	25,000
Salaries and Wages	48,000	Stock on 31.3.2008 :	
Rent	10,800	Radio (A)	60,100
Sundry Expense	11,000	Gramophone (B)	20,300
Profit	34,500	Spare Parts (C)	44,600
	<u>4,00,000</u>		<u>4,00,000</u>

Prepare Departmental Accounts for each of three departments A, B and C mentioned above after taking into consideration the following information :

- Radio and gramophones are sold at the showroom; spare parts are sold at the workshop
- Salaries and wages : Showroom 3/4 and Workshop 1/4
- It was decided to allocate the showroom salaries and wages in the ratio of 1:2 between the departments A and B
- Sundry expenses are to be allocated on the basis of the turnover of each department
- The workshop rent is Rs. 500 per month. The rent of the showroom is to be divided equally between the departments A and B.

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(c) Prepare Deficiency Account from the information given below :

	Rs.	
Excess of Assets over Liabilities	45,000	
Interest on Capital	7,500	
Profit on Sale of Investment	5,000	
Liabilities in respect of bills discounted	4,000	
Loss in business	33,500	
Excess of personal assets over the personal liabilities	14,000	
Drawing	22,500	
Deficiency as shown in Statement of Affairs	31,000	
Loss on realisation of Assets	42,500	4

(d) Distinguish between Statement of Affairs and Balance Sheet. 4

**OR**

(e) Explain the objectives of Branch Accounting. 4

(f) Explain the list of Asset F to H. 4

(g) Bombay Traders, Bombay opened a branch at Nagpur on 1<sup>st</sup> Jan. 2015. The following information is available in respect of the branch for the year 2017 :

	Rs.
Goods sent to Branch	37,500
Cash sales at the Branch	25,000
Credit sales at the Branch	30,000
Salaries of staff paid by Head office	7,500
Office expenses of the Branch paid by the Head Office	6,000
Cash Remittance to Branch for Petty Cash	3,000
Petty Cash at Branch (31.12.2017)	250
Debtors at Branch (31.12.2017)	2,500
Stock at Branch (31.12.2017)	13,500

Prepare Branch Account to find out Profit/Loss for the year 2017. 4

(h) Write down the following items in proper list of Statement of Affairs :

Creditors on open A/c	90,000
Bills Receivable	10,000
Bills Payable	5,000
Cash at Bank	100
Fully secured creditors (value of mortgaged security 16,000)	40,000
Partly secured creditors (value of mortgage security 56,000)	25,000
Preferential creditors	2,500
Books debts :	
Good	10,000
Doubtful	30,500
Recoverable	20,000
Bad	10,000

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