

B.B.A. (Part - I) Examination

FUNDAMENTALS OF ACCOUNTING

Time—Three Hours]

[Maximum Marks—80

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

1. (a) Pass the journal entries :
- (1) Goods worth Rs. 25,000 were given as charity to flood hit area.
 - (2) Sold goods costing Rs. 10,000 after adding 25% profit to Chandarana and paid Rs. 500 for carriage on his behalf. 4
- (b) Show the ledger A/c of Mohan in the books of Rohan :
- (1) Sold goods of Rs. 5,500 to Mohan on Rs. 500 Trade Discount.
 - (2) Bought goods of Rs. 2,200 from Mohan on Rs. 200 Trade Discount.
 - (3) Goods of Rs. 50 returned by Mohan (Net).
 - (4) Mohan settled the A/c by paying Rs. 2,750.

4

(c) Rectify the following errors :

- (1) Purchase of building was passed through Purchases Book as Rs. 65,000.
- (2) Brokerage paid Rs. 600 for purchase of Investment were debited to Brokerage account.

4

(d) From the following balances prepare Trading Account of Mr. Shreyash for the year ended 31st December 2015 :

Particulars	Amount Rs.	Particulars	Amount Rs.
Cash Purchase	80,000	Opening Stock	20,000
Wages	5,000	Free sample	8,000
Cash Sale	1,50,000	Return Inwards	5,000
Credit Purchase	15,000	Rent ($\frac{1}{4}$ factory)	10,000
Return in outward	5,000	Carriage (out of	
Salary	5,000	which Rs. 1000	
Closing Stock	27,000	related to sale)	4,000

Additional Information :-

Opening and Closing stock undervalued by 20% and 10 % respectively.

4

OR

- (f) Explain the objectives of Branch Accounting. 4
- (g) Explain the list of Asset E to H. 4
- (h) From the following prepare Deficiency Account of Mr. Kishor :

Particulars	Amount (Rs.)
Excess of Liability over Asset	23,300
Private Asset available for the	
payment of Trade Creditors	15,600
Under valuation of Asset by	10,600
Illegal transfer of Asset to wife	10,000
Appreciation of Building by	6,700
Gift to Daughter in marriage	12,000
Wife loan Rs. 10,000 of which	
60% from Stridhan	10,000
Expenses on House Repairs	12,400
Discounted bill dishonour	1,300
Deficiency	11,300

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(h) Record the following transactions in the Purchase Book.

2015

- Dec. 1 Bought goods from Arvind and Co. for Rs.5,000 on 10% Trade Discount.
- 3 Sunder and Company invoiced goods to us Rs. 7,000.
- 4 Purchased one Typewriter for office use from Godrej Ltd. for Rs. 11,000.
- 6 Dinanath sold goods to us Rs. 5,000 on 5% Trade Discount.
- 7 Cash purchase Rs. 3,000. 4

2. Ram and Gautam entered into a joint venture to buy and sell T.V. sets on 1 July 2015. On 1.7.2015 Ram sent a draft for Rs. 2,50,000 in favour of Gautam and on 4.8.2015 latter purchased 200 sets each at cost of Rs. 2,500 each. The sets were sent to Ram by lorry under "Freight to

(c) Govindraj filed his petition in bankruptcy on 31st December 2015 on which date his books showed the following balances.

His household furniture was valued for Rs. 5,000; he owned a house valued at Rs. 15,000 having a mortgage on it of Rs. 12,000 at 4% interest paid upto 30 June 2015. Creditors for rate on house amounted to Rs. 300; Life Policy amounted Rs. 10,000 surrender value Rs. 3,000 on this loan from LIC Rs. 2,000.

Find out his excess of Private Asset or Liability.

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(d) Ramesh become insolvent on 31st December 2015 when his affairs were as follows.

Unsecured Creditors	Rs. 20,000
Mortgage on Building	Rs. 4,000
Creditors partly secured	Rs. 12,000

(Security Life Policies worth Rs. 4,000)

Preferential Creditors Rs. 480

Building Cost Rs. 40,000 estimated to realise Rs. 20,000; Plant and Machinery Cost Rs. 8,000 estimated loss Rs. 6,000; Book Debts :- Good Rs. 6,000, Doubtful Rs. 2,000 estimated to realise 30%, Bad Rs. 5,000.

Furniture Cost Rs. 800 estimated loss on it Rs. 450
 Stock Rs. 8,000 estimated loss on it Rs. 2,450
 Cash in Hand Rs. 80.

Prepare Asset side of Statement of Affairs
 as Deficiency Rs. 1,100. 4

OR

(e) J. Printers Ltd. opened a branch at Amravati on
 1 Jan 2016. Goods were invoiced at Selling Price
 which was fixed by adding 25% to the cost. Prepare
 Branch Stock Account from the following :

Particulars	Amount (Rs.)
Goods sent to branch at	
Invoice price	1,40,400
Cash Sale	50,000
Credit Sale	70,000
Cash received from Debtors	62,400
Discount to Debtors	1,600
Goods Return by Debtors	2,000
Defective goods written off (on invoice price)	200
Stock at branch on 31Dec.	—

4

- (e) What is Trial Balance ? Explain its main types. 4
 (f) Explain advantages of Double Entry System of
 Book-Keeping. 4
 (g) Show the following in Profit and Loss A/c and
 Balance Sheet :

Trial Balance

as on 31st December 2015

Particulars	Amount	Amount
Debtors	1,20,000	—
Bad debts	12,000	—
Bad debts Reserve	—	36,000
Bills Receivable	30,000	—

Adjustment :-

- (1) Unrecorded Sale Rs. 40,000
 (2) Bills Receivables dishonoured Rs. 10,000
 (3) Bad debts Reserve 2.5%
 (4) Bad debts 7.5% 4

- (h) Davindra purchased a machinery from Tata Co. on Hire-Purchase System. Cost price of the machinery was Rs. 11,500. Payment was to be made as to Rs. 1500 on 1.1.2011 and as to the balance at Rs. 2,000 per year with 5% p.a. Interest. The truck write off 10% Depreciation on diminishing balance method each year.

Prepare Analytical Table with depreciation.

4

5. (a) H.O. invoiced goods to branch at 2/8 profit on selling price, find out amount of load.

Opening Stock	Rs. 75,000
Goods from Head Office	Rs. 2,25,000
Goods returned to Head Office	Rs. 25,000
Closing Stock	Rs. 60,000

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- (b) H.O. sent goods to branch cost + 1/4. From the following prepare branch account in the books of H.O. :

Opening Stock on invoiced price	Rs. 50,000
Goods sent to branch on invoiced price	Rs. 30,000
Closing Stock on invoiced price	Rs. 60,000
Sales during the year	Rs. 3,50,000
Expenses of branch	Rs. 25,000
Opening petty cash	Rs. 300
Closing petty cash	Rs. 100

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Pay" for Rs. 22,000 and were cleared by Ram on 15.8.2015. Ram effected sales in the following manner :

Date	No. of Sets	Sales Price per set Rs.	Discount Sales Price
16.8.2015	20	3,000	10%
31.8.2015	100	2,800	—
15.9.2015	78	2,700	5%

On 25.9.2015 Ram settled the account by sending a draft in favour of Gautam, profit being shared equally. Gautam and Ram took over one T.V. each at an agreed price of Rs. 2,200 and Rs. 2,000 respectively.

Prepare Joint Venture Account and Gautam Account in the books of Ram.

16

OR

Ramratan sold goods to Ahmed for Rs. 10,000 on 30 June 2015 for which latter accepted four bills of Rs. 2,500 each drawn on him payable after 2, 4, 6, 8 months respectively. Ramratan retained the first bill. The second bill was sent by him for collection. The third bill was endorsed by him to meet in part payment of Rs. 4,000 owed to him. The fourth bill was discounted by him with his bankers at a discount of 15% p.a.

The first bill was met on the due date. As regards the second bill Ahmed met Ramratan two days before the maturity date of the bill and paid him Rs. 1,000 and accepted a fresh bill for 30 days for the balance with interest of 18% p.a. This bill as well as the third bill were met by the drawee.

Ahmed was declared an insolvent on 31st Dec., 2015 and on the fourth bill becoming due, the bank debited Ramratan with the amount of the bill and charges of Rs. 250. It is ascertained by Ramratan that the estate of Ahmed will not be in a position to meet liabilities to the extent of more than 40% .

Journalise the transaction in the books of Ramratan.

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3. On 1 July 2012 Ajanta Traders Amravati acquired a building for Rs. 8,00,000. On 1 April 2013 an extension was made to the above building by spending Rs. 4,00,000.

On 1 Oct., 2014 half of the building was sold through a broker for Rs. 5,60,000 and brokerage at 2% of the selling price was paid.

Depreciation is charged on 31st March every year at 10% p.a. Under the Diminishing Balance Method. Prepare Building Account and Depreciation Account for three years.

16

OR

- (e) Explain the features of Hire Purchase System. 4

- (f) Following information is in respect of certain items of Sport Club. You are required to show them in Income and Expenditure Account and Balance Sheet.

Particulars	Amount (Rs.)
Sport Fund on 1.4.2015	20,000
Sport Fund Investment	20,000
Interest on Sport Fund Investment	2,000
Donation for Sport Funds	8,000
Sport prizes awarded	6,000
Expenses on Sport events	2,000
General Fund	30,000
General Fund Investment	30,000
Interest on General Fund Investment	3,000

4

- (g) Distinguish between profit organisation and not for profit organisations. 4

Calculate Cash Price and Interest Payable over 3 years. 4

- (d) The following details relate to a dealer in certain domestic appliances who disposes them on the Hire Purchase System. Assuming his gross profit to be 25% , prepare Hire Purchase Trading Account.

2015

Jan 1. Stock out on hire purchase price

Rs. 2,000

Stock in hand at shop Rs. 250

Instalment overdue customers
still paying Rs. 150

31st Dec.

Stock out on hire purchase price Rs. 2,300

Stock on hand at shop Rs. 350

Instalment overdue-customers
still paying Rs. 250

Purchases paid by cash during the
year Rs. 3,000

Cash received (instalment)
during the year Rs. 4,000

4

OR

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(Contd.)

Mr. Durgesh maintains his books of account on single entry system. His balances for the year ended 31st March 2014 and 31st March 2015 were as below :

Particulars	31.3.2014	31.3.2015
Bills Receivable	4,000	2,400
Stock	7,900	8,800
Creditors	9,400	8,350
Cash	3,908	1,963
Bills Payable	3,471	5,051
Debtors	9,361	8,355
Furniture	2,000	2,000

From the cash book for the year 2014-15 you get the following information.

Wages Rs. 900, Miscellaneous Expenses Rs. 700, Salary Rs. 800, Investment purchase Rs. 1000, Sales Rs. 1200, Purchase Rs. 600, Received from Debtors Rs. 2450, Payment to creditors Rs. 1425, Misc. Income Rs. 30, Drawings Rs. 1500.

Other Information :-

Discount allowed and received were Rs. 400 and Rs. 355 respectively. During the year Mr. Durgesh accepted bills for Rs. 4,580 and received bills for Rs. 3,000. His bad debts were Rs. 560. Bills received dishonoured Rs. 300.

You are required to prepare Trading Account, Profit and Loss Account for the year ended 31st March 2015 and Balance Sheet as on that date. 16

4. (a) Following data received from the receipts and payment account of Tip to club for the year ended 31st March 2015 :

Subscription received during the year Rs. 45,000
Payment for Stationery during the year Rs. 15,000

Additional Information :-

Particulars	1.4.2014	31.3.2015
Subscription due	500	2,000
Subscription received in advance	1,500	1,000
Stock of Stationery	10,000	7,000
Amount due to Stationery supplier	8,000	11,000

Find out the amount of Subscription and Stationery to be shown in Income and Expenditure Account. 4

- (b) From the following Income and Expenditure Account prepare Receipts and Payment Account for the year ended 31st March 2015.

Income and Expenditure Account

Expenditure	Amount	Income	Amount
To Salary	55,000	By Subscription	65,000
(-) last year	11,000	(-) last year	1,000
	44,000		64,000
(+) o/s current year	6,000	(+) o/s current year	6,000
	50,000		70,000
To Medicine	26,000	By Donation	22,000
To Taxes	1,500	By Excess Expenditure	19,550
(-) Prepaid	250		
To General Expenses	34,300		
	1,11,550		1,11,550

Note:- Opening cash balance Rs. 26,000. 4

- (c) V.B.M. Ltd. purchased on hire purchase system a machinery from Godrej Co. The amount to be paid is Rs. 2,000 down i.e on 1.1.2013 and the balance in 3 equal instalments of Rs. 2,000 each payable on 31 December each year. Vendors charged interest at 5% p.a. on the amount due.