

B.B.A. Part—I Examination
FUNDAMENTALS OF ACCOUNTING

Time : Three Hours]

[Maximum Marks : 80

Note :- (1) All questions carry equal marks.

(2) All questions carry marks as indicated.

1. (a) Journalise the following transactions in the books of Mr. Ajay.

2016

March: 1 Mr. Ajay commenced business with cash Rs. 5,000, goods worth Rs. 10,000 and Building Rs. 70,000.

12 Purchased goods worth Rs. 10,000 at 5 % Trade Discount and 2 % Cash Discount.

28 Goods worth Rs. 10,000 destroyed by fire and the insurance company admitted the claim for Rs. 8,000.

30 Sunil, a customer who declared insolvent paid 50 paise in a rupee. The amount due was Rs. 5,000. 4

(b) Distinguish between trade discount and cash discount. 4

(c) Prepare Trading A/C of Mr. Sahil for the year ending 31st March 2015 :

Particulars	Amount	Particulars	Amount
Land and Building	75,000	Return Outward	1,200
Purchases	50,000	Sales	1,54,000
Advertisement	4,500	Creditors	25,000
Commission	250	Salary (1/3 of factory)	33,000
Discount Allowed	2,000	Furniture	16,000
Capital	1,00,000	Opening Stock	38,000
Bank Overdraft	22,000	Return Inward	2,000
Office Rent	11,000	Trade Exp.	4,050

(for 11 months)

Adjustments :- (a) Closing Stock amounted to Rs. 36,000.

(b) Goods costing Rs. 1,000 are distributed as free samples. 4

(d) From the following prepare Trial Balance as on 31st Dec. 2014.

Cash Rs. 21,000. Capital Rs. 50,000, Bank Rs. 1,000, Computer Rs. 30,000, Purchases Rs. 5,000, Sales Rs. 2,000, Creditors Rs. 10,000, Bad Debts Reserve Rs. 5,000, Debtors Rs. 1,000, Furniture Rs. 10,000, Rent Rs. 500, General Reserve Rs. 2,000, Salary Rs. 500. 4

OR

(e) Explain the business entity concept. 4

(f) Rectify the following :

(i) A purchase of goods from Mihir amounting to Rs. 150 has been wrongly entered through the Sales Book.

(ii) An office furniture purchased for Rs. 750 was debited to Repairs A/C. 4

(g) Prepare Profit and Loss A/C for the year ended 31st March 2017 with the help of following balances.

Gross Profit – Rs. 1,07,000 Other expenses – Rs. 5,300

Rent Paid – Rs. 4,000 Goodwill – Rs. 38,000

Salaries Rs. 31,000 Commission Received – Rs. 2,000

Interest Paid – Rs. 600 Discount (Cr.) – Rs. 1,800

Stationery – Rs. 1,400 4

(h) Explain accounting rules for debit and credit. 4

2. (a) Distinguish between Joint Venture and Partnership. 4

(b) Explain the term Drawer, Drawee and Payee. 4

(c) For mutual accommodation, Mr. Suresh draws a bill on Mr. Sandip for Rs. 6,000 at 2 months. Suresh discounts it at 10 % p.a. and remits half the proceeds to Sandip.

Pass necessary Journal entries in the books of Suresh. 4

- (d) 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 Rs. 60,000 respectively. They agreed to share the profits and losses in the ratio of $\frac{3}{5}$ th and $\frac{2}{5}$ th respectively.

The following transactions are made from the Joint Bank Account :

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 Account. 4

OR

- (e) What is accommodation bill ? State its features. 4

- (f) On 1st February, Sumita sold the goods to Amita worth Rs. 3,000 and drew upon her a bill at 2 months for the amount. Amita gave her acceptance to the bill and returned it to Sunita. On 4th March Amita returned the bill under rebate of 6 % p.a.

Give Journal Entries in the books of Sunita. 4

- (g) From question Q. 2 (f), Journalise the transactions in the books of Amita. 4

- (h) A bill of exchange is a negotiable instrument. Explain. 4

3. (a) A business man takes a lease for five years for Rs. 10,000. He decided to write off lease by annuity method presuming the rate of interest at 5 % p.a. As per Annuity Table, the amount necessary to write off Re. 1 in five years at 5 % p.a. is Rs. 0.230975.

Prepare Lease A/C for five years. 4

- (b) Mr. Gopal started a business with Rs. 30,800 on 1.1.2017 and closing balance of Capital as on 31st Dec. 2017 Rs. 30,240. The drawings during the year amounted to Rs. 16,400 and further Capital of Rs. 9,600 was introduced on 1.7.2017. Write off Rs. 1200 towards bad debts and a further of 5 % is to be made towards doubtful debts. Depreciate Furniture by 5 % and Machinery by 10 %; following are balances on 1.1.17

Machinery	Rs. 6,600
Debtors	Rs. 24,600
Furniture	Rs. 4,800
Outstanding Salaries	Rs. 480
Prepaid Rent	Rs. 320

Prepare Statement to show Profit or Loss made during the year.

4

- (c) From the following prepare Sales Ledger Adjustment Account in General Ledger :

	Rs.	
Jan. 1	Opening Balance of Debtors	50,000
	Credit Sale	20,000
	Sundry charges debited to customers	300
	Cash received from customers	18,000
	Discount allowed	200
	Bills Receivable received from Debtors	10,000
	Sales Return	200
	Bad Debts	1,000
	Bills receivable dishonoured	400

4

- (d) Mr. Atul purchased a machinery on 1st Jan 2015 for Rs. 1,60,000. The asset was to be depreciated under written down value basis at the rate of 10 % p.a. The machinery was sold on 30th June 2017 for Rs. 1,00,000. Write Machinery A/c upto 2017 assuming that accounts are closed on 31st December every year.

4

OR

4

(e) From the following prepare Statement of Profit and Loss for the year ended 31st Dec. 2017 :

	Rs.	
Capital on 1.1.17	80,000	
Capital on 31.12.17	1,20,000	
Drawing during the year	6,000	
Additional capital introduced during the year	12,000	
Interest on Capital	8,600	
Interest on Drawing	600	
Bad debts for year	3,000	
Under valuation of stock	2,000	4

(f) What is Fixed Installment Method of Depreciation ? Explain its advantages. 4

(g) From the following prepare General Ledger Adjustment A/c in Purchase Ledger :

Balance of Trade Creditors	20,000	
Credit Purchases	3,000	
Paid to Creditors	9,875	
Discount Allowed by them	325	
Accepted Bills Payable	1,500	
Return Inwards	875	
Return Outwards	600	
Allowances from Creditors	150	
Received Cash	7,800	4

(h) On 1st April 2015 company purchased a machinery for Rs. 1,80,000 and spent Rs. 20,000 on erection. On 1st April 2017 the company sold the machinery for Rs. 1,44,000. Depreciation charge at 10 % p.a. every year on 31st March. Prepare Machinery A/c (using straight line method). 4

4. (a) Vidarbh Electricals Ltd. purchased a washing machine from Patel International Ltd. on Hire Purchase system, the terms of payment are as follows :
- Rs. 8,000 to be paid on beginning the agreement on 1st Jan. 2010.
 Rs. 12,000 paid at the end of 1st year.
 Rs. 8,000 paid at the end of 2nd year.
 Rs. 22,000 paid at the end of 3rd year.
 Thus, the total bill purchase value is Rs. 50,000.
 Interest @ 10 % p.a. is charged.
 Depreciation is charged @ 20 % p.a. by reducing balance method.
 Prepare in the books of Vidarbh Electricals Ltd Washing Machine A/c and Patel International Ltd. A/c and in the books of Patel International Ltd. Vidarbh Electricals Ltd A/c and Interest A/c.

16

OR

- (b) From the following Receipts and Payments A/c of Western Gymkhana for the year ended 31st March 2017 and other information prepare Income and Expendure A/c for the year ended on 31st March 2017 and a Balance Sheet as at that date :

Receipts	Rs.	Payments	Rs.
To balance b/F	1,040	By Salaries	1,300
To subscription for 2016	85	By Entertainment Expenses	645
2017	4,000	By Electric Charges	234
2018	103	By General Expenses	350
To Donation	1,200	By Rates and Taxes	120
To Entertainment Receipts	876	By Investments	3,000
To Interest	81	By stationary and Printing	241
To Entrance fees	1,000	By Expenses of 2016	600
		By Fixed Deposit	1,000
		By Balance c/f	895
	<u>8,385</u>		<u>8,385</u>

The Gymkhana has 450 members paying an annual subscription of Rs. 10 each. Rs. 20 is still in arrears towards subscription for the year 2016; carry forward Rs. 20 for rates paid in advance. Provide Rs. 200 for salaries outstanding. The Gymkhana owns Land and Building standing in the books at Rs. 15,000 and Furniture standing at Rs 1,150 on which depreciation

at 5 % and 15 % respectively is to be written off. Interest for 3 months at 12 % p.a. is accrued on investments. The Capital Fund on 1st April 2016, was Rs. 16,695. 50 % of the entrance fees are to be capitalised; donations are capitalised. 16

5. (a) Mr. Govinda files his petition for insolvency as on 31st Dec. 2013.

Book Debt : Good Rs.5,000/–, Doubtful Rs. 15,250 (estimated Rs. 10,000) Bad Debts Rs. 5,000, 100 shares of Textile Mill (estimated Rs.7,500) Rs.12,500. Shares of Mining Co. (estimated Rs. 38,000) Rs. 42,500, loss in gambling Rs. 7,500/– Creditor open a/c Rs. 45,000. 1st charge on Mining Co's shares, creditors Rs. 20,000. 11th charge on Mining Co's shares Rs. 17,500 (to the extent of Rs. 15,000), Bills payable Rs. 2,500. Bills discounted (expected liability Rs. 1,750) Rs. 3,500. Furniture (expected Rs. 1,500) Rs. 2,000. Cash in hand Rs. 60. Stock in trade (estimated Rs. 15,000) Rs. 19,440, Bills recievable (expected Rs. 3,500) Rs. 5,000, Rent and taxes Rs. 1,500 (Preferential Rs. 1,250).

On 1st Jan. 2001 he started business with capital of Rs. 30,000. He charged interest Rs. 1,500 per year. In first 2 years he earned profit Rs. 5,000/– and Rs. 3,750 but in 3rd year he incurred loss of Rs. 2,500; his withdrawals during the period were Rs. 13,000. Prepare Statement of Affairs and Deficiency A/c. 16

OR

- (b) Progressive Bros. of Kanpur opened Branch at Kolhapur on 1st Jan. 2016. From the following information, prepare Kolhapur Branch Account in the books of Head Office for the year ended 31st Dec. 2016 and 31st Dec 2017.

	Rs. 2016	Rs. 2017
Goods sent to Kolhapur Branch		
Expenses paid by head office :	80,000	96,000
Rent	960	960
Salaries	4,800	4,800
Advertisement	480	640
Cash Sales at Branch	96,000	1,32,000
Remittance received from the branch	?	1,28,400
Remittance made on Dec. 30, still in transit	?	3,200
Expenses paid by branch :		
Carriage	160	200
Petty Expenses	240	320
Stock on 31 st Dec.	16,000	24,000
Petty cash in hand	160	?

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