

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) Explain the role of an accountant in society. 4
 (b) Explain the procedure of recording transaction in the journal. 4
 (c) Show Deepak's A/c in the Books of Manoj :
 (i) Balance b/d (Cr. Balance) Rs. 6,000.
 (ii) Deepak supplied goods worth Rs. 16,000 to Manoj.
 (iii) Manoj paid cheque of Rs. 15,800 in full settlement of Deepak A/c.
 (iv) Manoj sold goods to Deepak for Rs. 10,000 on 10% Trade discount. 4
 (d) Rectify the following errors :
 (i) Goods purchased from Ajay of Rs. 3,500 were recorded as Rs. 35,000 in Purchase Book.
 (ii) Extension to Building of Rs. 9,500 was debited to Repairs A/c. 4
- OR**
- (e) 'Business has Indefinite Life.' Explain this in the light of going concern concept. 4
 (f) What are the advantages of Subsidiary Books ? 4
 (g) Balance Sheet of a proprietor as on 31st March 2016 is given below :

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Capital	5,00,000	Stock	50,000
General Reserve	2,00,000	Debtors	1,50,000
Creditors	1,00,000	Machinery	1,00,000
		Furniture	70,000
		Building	3,30,000
		Cash	90,000
		Preliminary Exp.	10,000
	8,00,000		8,00,000

Show :

- (i) Fixed Assets, (ii) Current Assets, (iii) Current Liabilities and (iv) Own Fund. 4

- (h) Prepare Triple Column Cash Book :
- (i) Cash in hand Rs. 200.
 - (ii) Bank overdraft Rs. 3,000.
 - (iii) Issued cheque of Rs. 2,500 to Ram in full settlement of Rs. 2,600.
 - (iv) Received a cheque from Somesh of Rs. 3,250 in full settlement of Rs. 3,300.
 - (v) Deposited into Bank Rs. 100.
 - (vi) Made cash purchase Rs. 900 and cash sales Rs. 3,500.
 - (vii) Paid office expenses Rs. 300
 - (viii) Paid office rent Rs. 350 by cheque.

4

2. Dhiraj, Bhiraj and Niraj undertake to construct 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 four equal instalment and the balance amount in 8% debentures of the company. They agree to share profit and loss equally.

They opened a Joint Bank A/c with cash contributed as stated below.

Dhiraj Rs. 3,00,000; Bhiraj Rs. 3,75,000 and Niraj Rs. 2,00,000.

Dhiraj arranges the preparation of building plans and pay Rs. 32,000 as architects fees. Bhiraj brings a mixer and other implements valued at Rs. 80,000. And Niraj brings a motor lorry valued Rs. 75,000.

They paid for following expenses :

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

On the completion of the venture mixer is sold for Rs. 50,000 and plant and other implements are sold for Rs. 10,000. Niraj takes back the Motor lorry at Rs. 40,000. Dhiraj took over the debenture issued by the company at a valuation of Rs. 2,80,000.

Show the necessary ledger accounts for the Joint Venture.

16

OR

Suresh owes Rs. 40,000 to Naresh and accepts 4 months bill drawn by Naresh who discounts the same after a month at 10% p.a. with his bank. On the due date, the bill has been dishonoured and Noting charges amounted to Rs. 400.

Suresh then paid 25% of the amount of the bill and full amount of Noting charges by crossed cheque and accepted a New Bill for the balance plus interest @ 12% p.a. for 3 months.

New Bill was sent to the bank for collection by Naresh. On the due date, the bank collected the amount of the New Bill from Suresh and debited the bank charges Rs. 300 to Naresh A/c.

Pass Journal Entries in the books of Naresh and Naresh's A/c in the ledger of Suresh. 16

3. Mr. Satish Prasad maintain his books by Single Entry System. From the following, prepare Trading, Profit and Loss A/c and Balance Sheet as at March 31, 2016 :

	1-4-2015	31-3-2016
	Rs.	Rs.
(1) Assets and Liabilities		
Stock	14,850	84,900
Debtors	88,500	93,750
Premises	67,500	67,500
Furniture	8,250	8,625
Motor Vehicle	11,250	11,250
Creditors	23,250	10,875

- (2) Creditor's as at 1st April 2015 include Rs. 11,250 for purchase of Motor vehicle.

- (3) **Cash Transactions are :**

	Rs.
Cash as at 1 st April 2015	11,250
Collections from Customers	1,20,600
Payment to Creditors (Trade)	1,08,000
Rent, Rates and Taxes	8,625
Salaries	84,000
Sundry Expenses	13,500

	Rs.
Sundry Income	12,375
Drawing by Satish Prasad	22,500
Loan from Mrs. Prasad	17,250
Capital introduced	9,000
Cash Sales	8,625
Cash Purchases	11,250
Payment to creditors for Motor Vehicle	11,250
(4) Bad debts written off Rs. 900.	16

OR

Rajan Planes Ltd. incorporated on 1st January 2013, provides depreciation on the machine at the rate of 10% under Reducing Balance Method. On 1st Jan. 2016, balance in Machine A/c was Rs. 9,72,000. On 1st July 2016, one machine whose original cost as on 1st Jan. 2013 was Rs. 80,000 was sold for Rs. 45,000. On the same day, a new machine was purchased costing Rs. 1,50,000, installation charges being Rs. 8,000. On 1st January 2016, the company took a decision to change the method of depreciation from Reducing Balance Method to Straight Line Method with retrospective effect from 1st January 2013, the rate of depreciation remaining the same.

Prepare Machinery Account for 2016 and necessary working notes. 16

4. (a) What is a revenue expenditure ? 4
 (b) What do you mean by Instalment Purchase System ? 4
 (c) Compute the income from subscription for the year ended 31st March 2016 :

	Rs.
(i) Subscription received during the year	6,60,000
(ii) Subscription outstanding on 31 st March, 2015	20,000
(iii) Subscription outstanding on 31 st March, 2016	1,30,000
(iv) Subscription received in advance on 31 st March, 2015	60,000
(v) Subscription received in advance on 31 st March, 2016	30,000
	4

- (d) Dilip purchased a car for a cash price of Rs. 2,56,000, which is sold on Hire Purchase system for Rs. 3,20,000. The amount is payable in four equal instalments of Rs. 80,000 each. The first payment is made at the end of the first year. Calculate the amount of interest to be charged every year. 4

OR

- (c) Distinguish between capital items and revenue items. 4
- (f) What do you mean by Hire Purchase Adjustment Account ? When is it prepared ? 4
- (g) Minal Metals Ltd. sells goods on Hire Purchase system at cost plus 60% and provides you the following particulars for the year ended 31st March 2016 :

	Rs.
2015	
April 1 Goods sold on hire purchase at hire purchase price	24,000
2016	
March 31 Instalments not due and unpaid	54,000
Instalments due and unpaid	3,000

Additional information :

Goods sold on hire purchase system at hire purchase price	1,20,000
Cash received from customers on hire purchase price	84,000
Goods repossessed on default (instalments due Rs. 3,000) valued at	600
You are required to prepare Hire Purchase Trading Account at cost price.	4

- (h) Calculate the amount of stationery to be debited to Income and Expenditure Account during 2016 :

	Rs.
(i) Amount paid for stationery during the year 2016, as per Receipt and Payment A/c	17,500
(ii) Stock of stationery on 1 st April, 2015	1,500
(iii) Paid advance for stationery on 31 st March, 2016	2,000
(iv) Paid advance for stationery during March, 2015 but received stationery during the year 2016	2,500
(v) Creditors for stationery on 1 st April, 2015	3,700
(vi) Stocks of stationery on 31 st March, 2016	4,150
(vii) Creditors for stationery on 31 st March, 2016	3,000

4

5. (a) What are the preferential creditors in the following liabilities of an insolvent, Gopal according to the Presidency Town Insolvency Act, 1909 and also point out the unsecured creditors :

	Rs.
Salaries	1,000
Sales tax	300
One month wages of 10 labours	1,200
Income tax	700
Rent for 3 months	900
Municipal taxes	250
Salary for 4 clerks for 2 months	1,500
Wages for 3 servants	900
	4

- (b) From the following particulars, prepare Branch A/c showing the profit or loss of the branch :

	Rs.
Opening stock at the branch	3,00,000
Goods sent to branch	9,00,000
Sales (Cash)	12,00,000
Expenses :	
Salaries	1,00,000
Other Expenses	40,000

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

- (c) Explain the "Stock and Debtors System" in Branch Accounting. 4
- (d) What is Deficiency Account and how is it prepared ? 4

OR

(e) Prepare Deficiency Account from the following :

	Rs.
Capital	1,32,000
Drawings	60,000
Bad debts	7,600
Losses	20,800
Profits	28,000
Life Policy	16,000
Loss through betting	9,800
Deficiency as per Statement of Affairs	64,800
Liability for Bill Discounted	12,800
Loss on realisation of :	
Machine	98,000
Furniture and fixture	31,800
	4

(f) Mr. Raju has opened a branch at Mumbai which sells goods for cash only. The following are the transactions between Branch Office and the Head Office for the year ended 31st March, 16 :

	Rs.
Opening stock	3,00,000
Goods supplied to branch	6,00,000
Cash sent to branch for rent	2,000
Cash sent to branch for other expenses	1,000
Cash received from branch during 2016	8,00,000
Closing stock	1,50,000
Petty Cash Balance on 31 st March, 2016	100

From the above Pass Journal Entries in the books of Head Office. 4

- (g) Discuss the advantages of stock and debtors system. 4
- (h) Distinguish between Balance Sheet and Statement of Affairs. 4