

**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) Pass Journal entries in the books of Kumar :

(i) Received a bearer cheque of Rs. 800 from Karim on behalf of Komal.

(ii) Kalyani paid Rs. 450 to Kashmira on our behalf. 4

(b) What is Accounting ? 4

(c) State whether the balances of the following accounts should be placed in debit column or credit column of the Trial Balance :

Plant and Machinery A/c	Sundry Debtors A/c
Salary A/c	Discount Allowed A/c
Creditors A/c	Purchases A/c
Sales A/c	Discount Received A/c

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(d) Show the following in Trading A/c and Balance Sheet :

Particulars	Amt. Rs.
Sales	35,000
Sales Return	1,750
Debtors	14,100

Additional Information :

(i) Closing Stock was valued at Rs. 20,500.

(ii) Goods of Rs. 4,000 sold on sales or return basis.

Goods are sold at 25% profit on sale. Customer has not yet taken decision. 4

**OR**

(e) Explain difference between Trial Balance and Balance Sheet. 4

(f) Difference between trade discount and cash discount. 4

(g) Johnson is a trader; when preparing his Final A/c on 31st Mar. 2016 he made a provision for bad debts equal to 4% of Sundry debtors.

During the year 2016 bad debts amounted to Rs. 475; on 31st Mar. 2016 Debtors amounted to Rs. 5,875 and the provision for bad debts was maintained at the same rate.

Record above in the Balance Sheet of Johnson for the year 2016 only. 4

(h) Show the following balances in Balance Sheet :

Particulars	Amt.	Amt.
Creditors		50,000
Bills Payable		10,000

Additional Information :

(i) Bills payable dishonoured Rs. 5,000

(ii) Discount reserve on creditors 5%. 4

2. (a) Gold and Silver entered into joint venture to prepare an Advertisement Film for M/s Modern Limited.

The film price is fixed at Rs. 4,00,000. Rs. 2,00,000 receivable in cash and balance in 10,000 shares of Rs. 10 each and 1,000 debentures of Rs. 100 each.

50% of the shares received were taken over by Gold and Silver in the ratio of 3:2 at Rs. 12 per share and Balance sold in market at Rs. 15 per share. Debenture sold at a loss of Rs. 4 per Debenture.

Prepare Share A/c and Debenture A/c. 4

- (b) Satish of Sholapur and Subhas of Kolhapur entered in joint venture to consign 1,000 wheat bags to Shyam of Pune to be sold on their joint risk in the proportion of 3/4 and 1/4 respectively.

All bages were sold by Shyam for Rs. 350 per bag out which he deducted Rs. 7,000 for his commission and 3% for expenses on total sale. Shyam remitted amount to Satish and Subhas in the proportion of their joint risk.

Prepare Shyam A/c in the books of Satish. 4

- (c) Mr. Ram draws a Bill for Rs. 15,000 on Mr. Gopal on 1 Jan. payable three months after the date at Dena Bank, Amravati. The bill after acceptance is discounted by Ram at 6% p.a. and keeps 2/3 and he remits balance proceeds to Gopal.

On due date Ram sends the necessary amount to Gopal who meets the bill.

Record these transactions in the Journal of Gopal. 4

- (d) Explain the terms 'drawer' and 'drawee'. 4

OR

- (e) Explain difference between Trade bill and Accommodation bill. 4

- (f) Pass the journal entries in the books of Ram. On 1.4.2016 Ram drew a bill on Shyam for Rs. 30,900 payable after a month inclusive of interest at 3% p.m. 4

- (g) Shreyash of Shrinagar and Desai of Delhi start joint venture. Shreyash of Shrinagar purchased 1,000 meters of silk at Rs. 60 per meter and sent it to Desai of Delhi to be sold for mutual benefit. Shreyash spent Rs. 3,000 on packing. Desai received the consignment and paid Rs. 3,700 as Freight and Rs. 300 as Cartage to his shop.

Shreyash drew upon Desai for Rs. 50,000 a bill. It was accepted and Shreyash got it discounted for Rs. 47,750. Desai sold 900 meters at Rs. 90 per meter and had to pay Rs. 1,770 as expenses. Shreyash took over the remaining quantity at cost plus 10%. Shreyash is to be allowed a commission on sales at 5% and profits are to be shared by Shreyash 3/5 and Desai 2/5.

Prepare joint venture A/c in the books of Shreyash. 4

- (h) 'A' of Amravati and 'B' of Bombay entered in joint venture to consign 1,000 wheat bags to 'C' of Calcutta to be sold on their joint risk in proportion of 1/2 and 1/2 respectively.

All bags were sold by C for Rs. 700 per bag, out of which he deducted Rs. 14,000 for his commission and 3% for expenses on total sale. 'C' remitted amount to 'A' and 'B' in the proportion of their joint risk.

Prepare 'C' A/c in the books of 'A'. 4

3. On 1st April 2015 Vikas Company purchased a plant for Rs. 10,00,000. On 31st Oct. 2015 part of it which originally had cost Rs. 80,000 was sold for Rs. 21,500.

On 1st December 2015 another plant was purchased for Rs. 1,50,000.

Depreciation was provided for annually @ 10% by Reducing Balance Method.

Accounting year of the company ends on 30th June each year.

Prepare Plant A/c upto 30th June 2016.

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**OR**

Swastick Stores Ltd. maintains two sales ledgers No. 1 (A to N) and No. 2 (O to Z).

From the following particulars prepare Sale Ledger Adjustment A/c in General Ledger :

Particulars	Ledger No. 1	Ledger No. 2
	Rs.	Rs.
Debtors balance 1.1.2011 (Dr.)	18,000	32,000
Debtors balance 1.1.2011 (Cr.)	300	100
Credit Sale	45,000	65,000
Returns Inwards	4,000	4,500
Bills Receivable	15,000	5,000
Bills Receivable dishonoured	2,000	500
Payments from customers	29,000	70,000
Discount Allowed	1,800	3,200
Reserve for Doubtful Debts	5,700	2,320
Bad debts written off	3,450	3,250
Bad debts written off now recovered	340	200
Allowances	250	100
Debtors Balance (31.01.2011) (credit balance)	2,000	500

Additional Information :-

(i) Sales of Rs. 200 to Arjun was posted to ledger No. 2 instead of ledger No. 1.

(ii) Miss Chandarani was a debtor for Rs. 2,000. She married with Radheshyam.

4. From the following details set out the Hire-purchase trading A/c in the books of a trader who sells a number of articles of comparatively small value daily on the Hire purchase system.

Show his profit on this department of the business for the year and also prepare Balance Sheet.

**2015**

Jan 1 Stock out on Hire purchase price Rs. 1,00,000

Jan 1 Stock in hand at shop Rs. 12,500

Jan 1 Instalment overdue Rs. 7,500

**2015**

31 Dec. Stock out on Hire at hire purchase price Rs. 1,15,000

31 Dec. Stock on hand at shop Rs. 17,500

31 Dec. Instalment overdue Rs. 12,500

31 Dec. Purchases Rs. 1,70,000

31 Dec. Cash received from Hire purchase customers Rs. 2,00,000.

Assume his gross profit to be 25% on Hire purchase price. Also prepare Hire purchase Customer's A/c and Shop Stock A/c.

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**OR**

Prashant Nagar Sports Club provides the following information :

**Income and Expenditure A/c  
for the year ended 31st March 2011**

Expenses	Amt. Rs.	Incomes	Amt. Rs.
To Salaries and wages		By Subscription	37,600
15,200		(-) Last year	800
(+) O/S	16,200	Received	36,800
To Stationery	1,700	(-) Received in	
(+) Opening stock	500	Advance	400
2,200			36,400
(-) Closing stock	150	(-) Current year	3,000
To Insurance	300	O/S	39,400
To Expenses on Drama	3,000	By income from Drama	6,000
To General Expenses	3,000	By interest on securities	1,000
To Depreciation :			
Land and building	3,000		
Furniture	300		
To Excess Income	18,550		
	<b>46,400</b>		<b>46,400</b>

**Balance Sheet as on 31st March 2011**

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Capital Fund	74,700	Land & Building	60,000
(+) Entrance Fees	1,400	(-) Dep.	3,000
(+) Excess income	18,550	Furniture	6,000
Subscription Advance	400	(+) Purchased	3,200
Outstandings Salaries	1,000		9,200
		(-) Sold	300
			8,900
		(-) Dep.	300
		Investment	10,000
		(+) Purchased	8,000
			18,000
		Stock of Stationery	150
		Subscription Receivable	
		2009-10	200
		2010-11	3,000
			3,200
		Cash in hand	1,200
		Cash at bank	7,900
	<b>96,050</b>		<b>96,050</b>

On 01/04/2010, there is an overdraft of bank of Rs. 6,000. Opening cash balance Rs. 3,200.

From the above information prepare Receipts and Payments A/c for the year ended 31st March 2011.

5. (a) Give the Journal entries for the following in the books of Nagpur H.O. which closes its books on 31st Dec. every year.

The Balance in current account between the Head Office and branch appeared as follows at the time of closing the books on 31st Dec.

Branch A/c (Dr.)	Rs. 32,500
Head Office A/c (Cr.)	Rs. 25,200

The Head Office sent goods valued at Rs. 4,000 to branch on 28th Dec. which were not received by branch till 3rd Jan. next year. 4

- (b) Anil and Comp. of Ajmer has a branch at Bikaner to which office goods are invoiced at cost plus 25%. Branch makes sales both for cash and credit. Branch expenses are paid by Head Office direct.

From the following details prepare branch expenses A/c in the books of Head Office :

- (i) Goods received from H.O. at invoice price Rs. 60,000.
  - (ii) Returns to H.O. at invoice price Rs. 1,200.
  - (iii) Sales in cash Rs. 20,000.
  - (iv) Sales in the year credit Rs. 36,000.
  - (v) Rent and Taxes at Branch Rs. 1,800.
  - (vi) Salaries and wages at branch Rs. 6,000.
  - (vii) Office expenses Rs. 600. 4
- (c) Explain difference between Provincial and Presidency Towns Insolvency Acts. 4
- (d) Explain procedure of Insolvency of Individual. 4

**OR**

- (e) The capital in the business of Ram Prasad on 31st Dec. 2010 was Rs. 1,400. Due to his unsatisfactory financial position he was compelled to file his insolvency petition and order of adjudication was made against on 31st Dec. 2011 :

- (i) Book debts Rs. 2,000 of which Rs. 1,200 were considered good and balance estimated to produce Rs. 600.
- (ii) Stock Rs. 3,000 estimated to produce Rs. 1,800.
- (iii) Machinery Rs. 3,200 estimated to produce Rs. 2,200.
- (iv) Freehold house valued at Rs. 2,400 the deed of which was lodged with bank as security
- (v) Life Policy (surrender value of Rs. 1,200) given as a security for a private loan of Rs. 2,000.
- (vi) Deficiency as per Statement of Affairs Rs. 2,360 and business loss Rs. 1,560.
- (vii) Drawing Rs. 1,400.

Prepare Deficiency Account. 4

- (f) On December 31/12/2011, the Trial Balance of Vijay is as follows. Prepare Statement of Affairs.

Particulars	Amt. Rs.	Amt. Rs.
Machine (estimated to produce at 67%)	3,000	
Furniture (estimated to produce at 25%)	2,000	
Cash in hand	10	
Creditors		5,000
Preferential Creditors		4,000
Capital		4,010
Drawings	3,000	
Loss	5,000	
	13,010	13,010

- (g) Explain main features of Dependent Branch. 4
- (h) Explain objects of Branch Accounts. 4

