

B.Com. (Part-I) (Business Information & System Management) Semester-I (CBCS)

## **Examination**

## **BASICS OF ACCOUNTING**

BCE – 13

Time : Three Hours]

[Maximum Marks : 80]

**Note :—** Solve all the questions.

## **SECTION-A**

### Multiple Choice Questions :

$$10 \times 2 = 20$$

8. Any business event that is measurable in terms of money and can also be recorded in the account books is called \_\_\_\_\_.
- Assets
  - Owner's equity
  - Transaction
  - None of the above
9. CVP analysis requires costs to be categorized as :
- Fixed or variable
  - Direct or indirect
  - Product or period
  - Standard or actual
10. Contribution equals :
- Sales minus cost of sales
  - Sales minus variable costs
  - Purchase minus variable costs
  - Sales minus fixed costs

## SECTION – B

1. Explain the four functions of accounting. 4

**OR**

Explain the Internal users and External users of Accounting. 4

2. Journalise the following transaction in the books of Rajkumar Grocery Stores 2020.

April :      1. Rajkumar started business with cash Rs. 2,00,000. Building Rs. 2,00,000 and borrowed loan from Rakesh Rs. 50,000.  
                 4. Deposit cash into Dena Bank Rs. 50,000  
                 10. Cash sales Rs. 90,000.  
                 15. Goods sold on credit to Ganesh Rs. 10,000 at 5% Trade Discount. 4

**OR**

Prepare a Trial Balance with the following information.

Capital	4,00,000	Stock	1,20,000
Cash	3,00,000	Debtors	2,00,000
Creditor	2,00,000	Bank Loan	1,00,000
Sales	4,00,000	Purchase	2,00,000

3. Explain the concept of Income statement. 4

**OR**

Difference between Cash Vs. Accrual Accounting. 4

4. Distinguish between Assets and Liabilities. 4

**OR**

Difference between Accounts Receivable and Bad debt. 4

5. (a) What are the characteristics of cost accounting ? 4

**OR**

(b) Explain the different methods of cost Accounting. 4

**SECTION – C**

1. Explain the concept of Book keeping and it's Importants. 8

**OR**

Explain Accounting concept, conventions and principles. 8

2. Journalise the following transactions in the books of Vishal Electronics.

2018 April :

1. Vishal commenced business with cash Rs. 90,000 and Furniture Rs. 60,000, Building Rs. 1,00,000.
4. Purchased Motor Car from Honda Company by cheque Rs. 1,00,000 at 18% G.S.T.
5. Paid Insurance of the above Car Rs. 10,000 to United India Insurance Company.
10. Paid into Bank of India Rs. 80,000.
12. Paid for Salary Rs. 17,000 and Rent Rs. 10,000.
15. Bought goods from Rajesh Rs. 95,000 and paid him half amount in cash immediately.
18. Cash Sales Rs. 1,60,000 @ 5% G.S.T.
20. Received Rent Rs. 5,000 and Commission Rs. 8,000.

8

**OR**

Creative Advertising, owned by Miss Abida Masood, provides advertising consulting services. During January 2011, the following event occurred.

Jan – 2 : Owner contributed Rs. 5,00,000 and a new computer costing Rs. 2,05,000 to start her business.

Jan – 4 : Office supplies were purchased on account for Rs. 40,000.

Jan – 10 : Creative Advertising obtained 12% 5 years loan of Rs. 2,00,000 from the bank.

Jan – 12 : Creative Advertising paid the utility bills for Rs. 27,500.

Jan – 15 : Paid the Rs. 30,000 in Accounts payable from the purchase of office supplies on Jan – 4.

Jan – 24 : Advertising services completed in January where billed to client Annie's Flowers at Rs. 1,83,000.

Jan – 27 : Creative Advertising received Rs. 55,000 from Annies Flowers, a client, as payment on account.

Jan – 30 : Miss Abida Masood Withdraw Rs. 60,000 of cash for personal use.

- You are required to pass Journal Entry, post to appropriate general ledger account and make a trial Balance. 8
3. Distinguish between capital and Revenue expenditure and state with four examples. 8

**OR**

Prepare Adjustment Entries, Adjusted Trial Balance and three inform Financial statements excluding cash flow statement.

Mah Gul Jadoon Trial Balance 31<sup>st</sup> Dec. 15

Particular	Debit	Particular	Credit
Sundry Debtors	1,45,000	Sundry Creditor	63,000
Drawings	52,450	Opening Capital	7,10,000
Insurance Expense	6,000	Purchase Return	5,000
Salaries	30,000	Sales	9,88,800
Patents	1,50,000	Commission	3,200
Machinery	75,000		
Leasehold Land	2,00,000		
Building	1,00,000		
Opening inventory	3,00,000		
Carriage on purchase	58,600		
Carriage on sale	20,400		
Fuel power	32,000		
Wages	47,300		
Return inward	1,04,800		
Cash of Bank	6,800		
Cash in Hand	29,500		
Purchase	5,400		
General Expenses	4,06,750		
Total	<u>17,70,000</u>	Total	17,70,000

**Adjustment :**

- \* Inventory on 31<sup>st</sup> December 2015 was valued at Rs. 68,000.
  - \* Depreciation Machinery by 10% and Amortization of patents by 20%.
  - \* Unexpired Insurance of the end financial year was Rs. 2,000.
  - \* Wages includes Rs. 7,000 paid as advance to employees (Prepaid Wages Debit.).
4. Draw the Balance Sheet format as per schedule III. 8

**OR**

Explain the four features and important of Balance Sheet. 8

5. From the following figure relating to the manufacturing of a Electronic product during the month of July 1990. Prepare a statement showing cost and profit per unit :

Raw material		50,000
Direct Wages		30,000
Labour hours Worked		10,500 unit
Labour hour rate	Rs. 2.00	
Office Overhead		20,000
Selling overhead	Rs. 1.00	
Units product	20,000 unit	
Units sold	18,000 @ Rs. 10.	

8

**OR**

The following data are available for 2006 :

Production	50,000 units	
Material Consumed		75,000
Direct Wages		50,000
Variable production overhead		1,00,000
Variable selling overhead		2,00,000
Fixed Expenses		75,000
Selling price per unit		12

It is expected that in 2007 :

- (a) Production will be 1,00,000 units.
  - (b) Prices of material will go up by  $33\frac{1}{3}\%$ .
  - (c) Variable selling overhead and fixed expenses will rise by 25% and Rs. 25,000 respectively.
- What would be the cost per unit and selling price in 2007, if it is desired to maintain the same rate of profit on sales as in 2006 ? 8