

B.B.A. (Part—I) (Semester—II) (CBCS) Examination
BBA/204 DSC-IV
FUNDAMENTAL OF ACCOUNTING

Time : Three Hours]

[Maximum Marks : 80]

- Note :—**
- (1) There are three Sections (A, B and C).
 - (2) Section A- **20** Marks, Section B- **20** Marks, Section C- **40** Marks.
 - (3) All questions are compulsory. .
 - (4) Section B and Section C comprise of short and long questions respectively, one each from respective unit having internal choice from the same unit.
 - (5) Show necessary working notes wherever necessary.
 - (6) In Section A first solved MCQ will be taken into consideration.

SECTION—A

Choose an appropriate option :—

1. Statement one : Receipts and Payments Account is a Real Account.
 Statement two : Receipts and Payments account is a summary of cash transactions.

(a) Statement one is correct	(b) Statement two is correct
(c) Both the Statements are correct	(d) Both the Statements are wrong
2. Statement one : Income and Expenditure account is similar to Profit and Loss account.
 Statement two : An Income and Expenditure account opens with a balance.

(a) Statement one is correct	(b) Statement two is correct
(c) Both the Statements are correct	(d) Both the Statements are wrong
3. Statement one : Under single entry system a Trial Balance can be drawn.
 Statement two : In pure single entry, real and nominal accounts are also maintained.

(a) Statement one is correct	(b) Statement two is correct
(c) Both the Statements are correct	(d) Both the Statements are wrong
4. Statement one : Easy detection of errors is possible in Self-Balancing System.
 Statement two : Minimisation of chances of fraud is one of the advantages of Self Balancing System.

(a) Statement one is correct	(b) Statement two is correct
(c) Both the Statements are correct	(d) Both the Statements are wrong

5. Statement one : The property in goods passes to hirer along with its possession.
Statement two : The hirer can transfer any title.
(a) Statement one is correct (b) Statement two is correct
(c) Both the Statements are correct (d) Both the Statements are wrong
6. Statement one : The hirer is deemed to be a bailee till the payment of last Instalment.
Statement two : The hirer can terminate the contract by returning the goods.
(a) Statement one is correct (b) Statement two is correct
(c) Both the Statements are correct (d) Both the Statements are wrong
7. Statement one : Under debtors system, Branch Account is a nominal account.
Statement two : Branch Trading and Profit and Loss account is prepared at cost price.
(a) Statement one is correct (b) Statement two is correct
(c) Both the Statements are correct (d) Both the Statements are wrong
8. Statement one : Normal and Abnormal Loss are shown in branch account.
Statement two : Branch stock account is always prepared at Cost Price.
(a) Statement one is correct (b) Statement two is correct
(c) Both the Statements are correct (d) Both the Statements are wrong
9. Statement one : Presidency Town Insolvency Act, is not applicable to Delhi.
Statement two : Provincial Insolvency Act, is not applicable in Mumbai.
(a) Statement one is correct (b) Statement two is correct
(c) Both the Statements are correct (d) Both the Statements are wrong
10. Statement one : Statement of Affairs is statement of Assets and Liabilities.
Statement two : Balance Sheet is prepared in Insolvency Account.
(a) Statement one is correct (b) Statement two is correct
(c) Both the Statements are correct (d) Both the Statements are wrong

2×10=20

SECTION—B

1. (a) In 2003, Rs. 25,000 received from subscription, of which Rs. 1,000 were in arrears for the year 2002 and Rs. 2,000 were received in advance for the year 2004 in 2003. These amounts are included in the above mentioned amount of Rs. 25,000. Subscription of Rs. 500 are in arrears for 2003.
Show how much amount will be transferred to the Income and Expenditure Account for the year 2003.

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OR

- (b) Prepare Income and Expenditure Account for the year ended on 31-12-2010 from the following Information :

Opening balance of cash (1/1/2010) Rs. 5,000.

(1) Receipts :—

(1) Subscription	Rs. 9,000
(2) Life Membership Fees (Revenue)	Rs. 10,000
(3) Sale of old Newspapers	Rs. 200
(4) Interest on Investment	Rs. 1,000

(2) Payments :—

(1) Wages and salaries	Rs. 1,000
(2) Furniture	Rs. 2,000
(3) Sports Material	Rs. 1,200
(4) Other Expenditure	Rs. 7,000

Adjustments :—

- (1) There are 1100 members of the club required to pay the Fees of Rs. 10 each.
- (2) Sundry Expenditure O/s by Rs. 200

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2. (a) Shyam keeps his books under Single Entry system; his Assets and Liabilities are as follows :

(1) Cash in hand	Rs. 1,00,000
(2) Closing stock	Rs. 1,76,000
(3) Sundry debtors	Rs. 1,60,000
(4) Office Equipments	Rs. 80,000
(5) O/s Expenses	Rs. 40,000
(6) B/R	Rs. 10,000

Additional Information :

- (1) It was found that Closing stock was overvalued by 10%.
- (2) Bad debt written off Rs.10,000 & Bad debt Reserve @ 5%.
- (3) Depreciate office equipment @ 10% p.a.

Find out amount of Capital during the year.

4

OR

- (b) From the following information prepare Sales Ledger Adjustment account in the General Ledger : 4
- (1) Debtors on 1/4 Rs. 71,700
 - (2) Cash Sales Rs. 34,525
 - (3) Total Sales Rs. 1,27,800
 - (4) Cash Received from debtors Rs. 69,300
 - (5) B/R Received Rs. 18,400
 - (6) Goods returned by Customer Rs. 2,225
 - (7) Discount allowed Rs. 3,325
 - (8) B/D w/off Rs. 2,320
 - (9) Transfer from Purchase Ledger to Sales Ledger Rs. 1830.
3. (a) Rohit Enterprises purchased a Machine on Hire Purchase basis. The terms of payment are as follows : 4
- (1) Rs. 10,000 on signing the contract
 - (2) Rs. 14,000 at the end of 1st Year
 - (3) Rs. 13,000 at the end of 2nd Year
 - (4) Rs. 12,000 at the end of 3rd Year
 - (5) Rs. 11,000 at the end of 4th Year
- Interest is to be charged @ 10% p.a. Prepare Analysis Table. 4
- OR**
- (b) A Limited Company agreed to purchased a machine from Bharat Limited on hire purchase basis for Rs. 46,000. Rs. 6,000 were paid when machine was acquired on 1/1/2008 and the balance were paid by 5 annual Instalments of Rs. 8,000 ⊕ Interest @ 5% p.a. Buyer depreciated Machinery by 10% on original cost. Prepare Analysis Table. 4
4. (a) Explain the concept of Branch Accounting along with its Importance. 4
- OR**
- (b) Prepare Branch Debtor account in the Books of Head Office : 4
- (1) Cash Sales Rs. 13,000
 - (2) Total Sales Rs. 53,700
 - (3) Sales Return Rs. 1,500
 - (4) Goods returned by Branch Rs. 250
 - (5) Discount allowed Rs. 170
 - (6) Cash Received from Debtors Rs. 27,000
 - (7) Bad debt written off Rs. 320
 - (8) Closing Debtors Rs. 19,000.

5. (a) Prepare Deficiency Account from the following data :

- (1) Opening Capital Rs. 50,000
 - (2) Business profit Rs. 25,200
 - (3) Deficiency as per list 'H' Rs. 2,10,475
 - (4) Business Loss Rs. 1,70,000
 - (5) Bad debt Rs. 26,675
 - (6) Drawings Rs. 60,000
 - (7) Loss on discounted Bill Rs. 3,000
 - (8) Loss on Assets :
- Unsold goods Rs. 18,000
- | | | |
|-------|----------|---|
| House | Rs. 8000 | 4 |
|-------|----------|---|

OR

(b) How does a Statement of Affairs differ from Balance Sheet ?

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SECTION—C

1. (a) Prepare Income and Expenditure Account for the year ended 31/3/2007 from the following Information :

Receipts & Payment A/c
[For the year ended 31/3/2007]

Receipts	Amount	Payment	Amount
To Subscription	1,100	By Salary	1,000
To Miscellaneous Receipt	600	By Printing & Stationery	100
To Interest on Securities	150	By Telephones	150
To Cricket Fees	250	By Gardening	120
To Tennis Fees	300	By Cricket	200
To Billiards Fees	250	By Insurance	100
To Life Membership Fees	2,000	By Tennis	300
To Donation	24,800	By Billiards	400
To Entrance Fees	3,000	By Miscellaneous Expenses	1,200
To Tournament Fees	1,000	By Investment	500
		By Building	20,000
		By Tournament Expenses	1,000
		By Furniture	1,200
		By Sports Material	1,000
		By Current A/c Balance	1,000
		By Cash in hand	5,180
	33,450		33,450

Additional Information :—

- (1) Subscription O/s for the year Rs. 550.
- (2) Subscription of Rs. 100 were received in advance.
- (3) Salary unpaid for 2007 Rs. 200.
- (4) Insurance prepaid Rs. 50.
- (5) Half of the Entrance Fees is to be capitalized.
- (6) Donation and life members are to be capitalized.
- (7) Interest due but not received Rs. 100.
- (8) Sports material valued Rs. 800.
- (9) Depreciate Furniture by 5% & Land & Building by $2\frac{1}{2}\%$. 8

OR

- (b) Write the difference between Receipts and Payments Account and Income and Expenditure Account. 8
2. (a) X, a retailer, has not maintained proper books of account but it has been possible to obtain the following details :

Particulars	Last Year	This Year
Trade Creditors	6,270	5,890
Loan from Naresh	5,000	5,000
Stock	12,350	11,980
Cash in hand	570	650
Shop Fittings	7,250	7,800
Trade Debtors	5,280	4,560
Bank Balance	3,990	4,130

Prepare Statement of Affairs and calculate profit or loss for the year after noting that :

- (1) Shop fittings are to be depreciated by Rs. 780.
- (2) X has drawn Rs. 100 per week for his own use.
- (3) Included in the Trade Debtors is an irrecoverable balance of Rs. 270.
- (4) Interest at 5% p.a. is due on the loan from Naresh but has not been paid for the year. 8

OR

- (b) Prepare Sales Ledger Adjustment Account and Purchase Ledger Adjustment Account on the basis of following Information :

Balances on 1/1/2008 :

- (1) Debit Balance in Purchase Ledger Rs. 174
- (2) Credit Balance in Purchase Ledger Rs. 2,388
- (3) Debit Balance in Sales Ledger Rs. 2,924
- (4) Credit Balance in Sales Ledger Rs. 48

Transactions during the year :

(1) Purchase	Rs. 13,036
(2) Purchase return	Rs. 512
(3) Cash paid to Creditor	Rs. 11,686
(4) Discount received	Rs. 336
(5) Sales	Rs. 17,442
(6) Sales Return	Rs. 234
(7) Cash Received from Debtors	Rs. 15,248
(8) Discount allowed	Rs. 564
(9) Discount allowed later on cancelled it	Rs. 36
(10) B/P	Rs. 450
(11) B/R	Rs. 824
(12) Transfer from Purchase to Sales Ledger	Rs. 152
(13) Purchase Ledger Balance as on 31/12/08 [Dr.]	Rs. 154
(14) Sales Ledger Balance as on 31/12/08 [Cr]	Rs. 84

3. (a) Joshi Roadways purchased a truck from Tata Ltd on cash price of Rs. 12,50,000 on Hire Purchase Basis, payment was made as follows :

- (1) On 1/1/2008, Rs. 3,00,000 as a D.P.
- (2) On 31/12/2008, Rs. 3,50,000
- (3) On 31/12/2009, Rs. 4,00,000
- (4) On 31/12/2010, Rs. 4,50,000

Depreciation has been charged @ 20% p.a. on original cost. You are required to compute the interest of each year and prepare Truck A/c in the books of Joshi Roadways. 8

OR

- (b) How does Hire Purchase System differ from Instalment Purchase System ? 8
4. (a) Explain Branch Accounting and different types of Branches. 8

OR

(b) Prepare Branch Account in the Books of Head Office, this Branch sold goods for cash only :

(1) Opening Balances :

Stock = Rs. 1,20,000, Petty Cash = Rs. 30,000, Building = Rs. 1,50,000.

(2) Sales = Rs. 13,00,000

(3) Salary = Rs. 65,000

(4) Insurance = Rs. 20,000

(5) Goods sent to Branch = Rs. 5,00,000

(6) Goods Returned by Branch = Rs. 1,00,000

(7) Rent and Taxes = Rs. 75,000

(8) Paid for Advertisement = Rs. 40,000

(9) Closing Balances :—

Stock = Rs. 2,00,000, Petty Cash = Rs. 25,000

(10) Depreciate Building by 20%. 8

5. (a) Mr. Singh's position on 31st December 2004 was as follows :

(1) Capital (1/1/2002) = 10,000

(2) Trading Profit [of first two years] = 6,000

(3) Interest on Capital (All 3 years) = 1,500

(4) Unsecured Creditors = 5,000

(5) Partly secured Creditors = 6,000

(6) Fully secured Creditors = 4,000

(7) Preferential Creditors = 15,000

(8) Cash = 200

(9) Stock [Estimated to Realise Rs. 5,000] = 10,000

(10) Machinery [Estimated to Realise 2,000] = 8,000

(11) Shares [Estimated to Realise 2000] = 3,000

(12) Furniture [Estimated to Realise 500] = 2,000

(13) Book debt [Estimated to Realise 6,300] = 10,300

(14) Trading Loss [Last Year] = 4,000

(15) Speculation Loss = 5,000

(16) Drawing of all years = 5,000

Fully secured and Partly secured creditors took stock and shares respectively as security. Mr. Singh was declared insolvent on 31st Dec. 2004. You are required to prepare Statement of Affairs & Deficiency Account. 8

OR

(b) Draft the profoma of Statement of Affairs from List A to List H in detail. 8