

**B.B.A. Part—I (Semester—II) (Old) Examination****BBA/203****FUNDAMENTALS OF ACCOUNTING**

Time : Three Hours]

[Maximum Marks : 80

**Note :—** (1) All questions are compulsory.

(2) Show necessary working notes wherever necessary.

**SECTION—A****Choose the correct alternative :**

- In Receipt and Payment Account Cash A/c shows :
  - Debit balance
  - Credit balance
  - Capital Fund
  - Surplus
- Income and Expenditure Account includes :
  - Revenue items
  - Capital items
  - Both (a) and (b)
  - None of these
- Amount received from the sale of old newspapers by a club is treated as :
  - Capital Receipt
  - Asset
  - Revenue Receipt
  - Liability
- Donation received for special purpose should be:
  - Credited to a separate fund account
  - Shown in the Balance Sheet
  - Both (a) and (b)
  - Not recorded at all
- The Opening Capital of the Accounting year is determined by preparing :
  - Income and Expenditure Account
  - Cash A/c
  - Opening Statement of Affairs
  - Receipts and Payments A/c
- Generally depreciation on Fixed Assets is calculated on which balance ?
  - Opening Balance
  - Closing balance
  - Only on additional
  - None of the above
- Under Single Entry System Closing Capital (-) \_\_\_\_\_ = Net profit.
  - Opening Capital
  - Drawing
  - Closing
  - Closing Asset

8. A system under which a Trial Balance can be prepared for each ledger is called :
- (a) Single Entry System (b) Double Entry System  
(c) Self Balancing Ledger (d) None of these
9. Hire Purchase price = Cash price + \_\_\_\_\_.
- (a) Down payment (b) Interest  
(c) Instalment (d) None of these
10. An Amount paid by Hire purchaser at the time of delivery is :
- (a) Outstanding (b) Instalment  
(c) Down Payment (d) None of these
11. In case of Instalment system, total amount of interest received by the seller is credited to :
- (a) Interest A/c (b) Interest Suspense A/c  
(c) Assets A/c (d) Sales A/c
12. Selling Expenses should be debited among the departments on the basis of :
- (a) Purchase (b) Space occupied  
(c) Sales (d) None of the above
13. Goods remitted by Branch, not received by the H.O., is debited by the H.O. to:
- (a) Goods in Transit A/c (b) Goods A/c  
(c) Branch A/c (d) H.O. A/c
14. Head Office sends Goods to Branch at invoice price after adding 25% on cost price then profit would be \_\_\_\_\_ % of invoice price.
- (a) 33.33% (b) 40%  
(c) 20% (d) 25%
15. Non-Departmental items of Expenses are charged to :
- (a) Departments on the basis of Sales (b) General Profit & Loss  
(c) Departments based on Fixed Assets (d) None of the above
16. Amount due to Government or Local Authority is a:
- (a) Secured Claim (b) Unsecured Claim  
(c) Preferential Claim (d) None of these
17. List F gives Details regarding the :
- (a) Asset (b) Book Debt  
(c) Bills Receivable (d) Fully Secured Creditors

18. Deficit or Deficiency is shown under \_\_\_\_\_ of Statement of Affairs.

- (a) List G (b) List F  
(c) List E (d) List H

19. Preferential Creditors are to be paid off before :

- (a) Fully Secured Creditors (b) Partly Secured Creditors  
(c) Unsecured Creditors (d) None of the above

20. Under the Provincial Insolvency Act, salary due to a clerk is a preferential creditor to the extent of :

- (a) Rs. 20 (b) Rs. 100  
(c) Rs. 300 (d) Rs. 400  $1 \times 20 = 20$

### SECTION—B

1. (a) Following information is received from Receipts and Payments A/c of a Rotary Club for the year ended 31<sup>st</sup> March, 2023:

1. Salary paid to Staff	5,000
2. Canteen Expenses	12,000
3. Salary to staff outstanding :	
As on 31 <sup>st</sup> March 2022	2,000
As on 31 <sup>st</sup> March 2023	1,000
4. Canteen Expenses Prepaid :	
As on 31 <sup>st</sup> March 2022	1,000
As on 31 <sup>st</sup> March 2023	500

Show the above in Income and Expenditure A/c of Rotary Club for the year ended 31<sup>st</sup> March, 2023. 4

**OR**

(b) From the following, prepare Balance Sheet as on 31-03-2022

1. Capital Fund	5,000
2. Excess of Income over Expenditure	2,660
3. Furniture	8,000
4. Cash in Hand	1,000
5. Outstanding Rent	200
6. Outstanding Subscription	500
7. Subscription Received in Advance	1,000

**Adjustments :**

Depreciate Building by 8%. 4

2. (a) From the following, prepare Purchase Ledger Adjustments A/c in General Ledger :

1. Creditors on 1-1-2019	47,100	
2. Credit Purchase	74,600	
3. Cash paid to Supplier	41,700	
4. Bills Payable Accepted	14,800	
5. Discount Received	1,150	
6. Transfer from Purchase to Sales Ledger	1,830	
7. Returns Outwards	800	4

**OR**

- (b) From the following prepare Statement of Profit or Loss for the year ended 31<sup>st</sup> March 2023 :

1. Capital on 31<sup>st</sup> March, 2023 was Rs. 3,00,000
2. Capital on 1<sup>st</sup> April, 2022 was Rs. 90,000
3. Additional Capital introduced was Rs. 50,000
4. Drawings made during the year was Rs. 60,000 4

3. (a) On 1<sup>st</sup> January 2011, Mr. A purchased a machine from Lala and Co. on Hire Purchase System. The cash price of the machine was Rs. 7,450 and the payment was to be made as follows :

Rs. 2,000 was to be paid on signing of the agreement and the remaining balance in three instalments of Rs. 2,000 at the end of each year. 5% interest is charged by Lala and Co. per annum.

Prepare Analysis Table showing calculation of Interest. 4

**OR**

- (b) M/s Das supplied Refrigerator to Durga Hotel on Instalment System on 1<sup>st</sup> January, 2012. The cash price of it was Rs. 22,350. Under instalment system it was agreed upon to pay Rs. 6,000 on that date and Rs. 6,000 annually for three years. It is presumed that the year ends on 31<sup>st</sup> December every year.

Interest was chargeable at 5% p.a. and depreciation was to be written off at 10% p.a. on Diminishing balance method.

Prepare Analysis Table showing calculation of Interest. 4

4. (a) Write a short note on Objectives of Departmental Accounting. 4

**OR**

- (b) Prepare Branch Debtor A/c and find out Closing Balance of Debtor from the following :

1. Sales Return Rs. 1,500
2. Discount Allowed Rs. 170
3. Cash Received from Debtors Rs. 27,000
4. Bad Debt Written off Rs. 320
5. Opening Debtors Rs. 19,000
6. Credit Sales Rs. 40,700 4

5. (a) Explain the Treatment of Preferential Creditors according to Presidency Town Insolvency Act, 1909 and Provincial Insolvency Act, 1920. 4

**OR**

- (b) From the following Information prepare Deficiency A/c :

Capital	60,000
Net Profit	27,000
Net Losses	89,800
Drawings	40,000
Bad Debts	11,000
Other Income	7,000
Loss on Realisation of Assets :	
Bills Receivables	1,500
Stock	3,000
Furniture	2,000
Machinery	6,700
Deficiency	60,000

4

**SECTION—C**

1. Write the difference between Receipts and Payments Account and Income and Expenditure Account. 8

**OR**

Following is the Receipts and Payments Account of Praneet Sports Club, Pune and additional information is given below, you are required to prepare Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2019 :

**Receipts and Payments Account  
for the year ended 31<sup>st</sup> March, 2019**

Dr.			Cr.		
Receipts	Amt.	Amt.	Payments	Amt.	Amt.
To balance b/d		5,000	By Bank overdraft		32,000
To Subscriptions			By Salaries		10,000
2016-17	2,000		By electrical charges		4,000
2017-18	3,000		By municipal taxes		2,700
2018-19	<u>70,000</u>	75,000	By purchases of Sports		
To Donations		15,000	Materials		50,000
To Entrance fess		1,700	By general expenses		500
To Life Membership fees			By billiards expenses		3,000
(revenue)		17,000	By repairs to ground		500
To tournament			By tournament expenses		50,000
receipts		60,000	By balance c/d		
			Cash in Hand		7,000
			Cash at Bank		14,000
		<b>1,73,700</b>			<b>1,73,700</b>

**Additional Information :**

1. 50% donations are for building fund.
  2. 70% of entrance fees should be capitalised.
  3. Outstanding subscription for the current year is Rs. 8,000.
  4. Following are the balances that appeared in the books as on 1<sup>st</sup> April, 2018 :  
Building fund Rs. 47,000, Bank overdraft Rs. 32,000, Land Rs. 1,50,000,  
Sports material Rs. 30,000, Outstanding subscription for 2016-17 Rs. 2,500 and for  
2017-18 Rs. 4,000.
  5. Closing Stock of sports materials was Rs. 8,000 on which depreciation is to be provided  
at a 12.5% p.a. 8
2. From the following particulars prepare :
- (a) In General Ledger, Debtors Ledger Adjustment Account.
  - (b) In General Ledger, Creditors Ledger Adjustment Account.

	<b>Rs.</b>
Balance of Sundry Debtors (Jan 1 <sup>st</sup> , 2021)	20,350
Balance of Sundry Creditors (Jan 1 <sup>st</sup> , 2021)	15,600
Jan 31 <sup>st</sup> 2021 :	
Credit Sales	10,400
Cash Received from Debtors	8,300
Credit Purchases	6,900
Discount Allowed to Debtors	350
Cash paid to Creditors	7,375
Discount allowed by Creditors	270
Bills Receivable	3,400
Bills Payable	2,600
Returns Outwards	800
Returns Inwards	900
Bills Receivable Dishonoured	430
Bad Debts	600

8

**OR**

Following balances are extracted from the books of Joseph, who keeps incomplete records of his transactions. Prepare a statement showing his Profit or Loss for the Year ended December 31<sup>st</sup>, 2019 :

Particulars	1 <sup>st</sup> Jan, 2019	31 <sup>st</sup> Dec, 2019
Stock	2,400	3,000
Debtors	4,000	3,200
Creditors	1,700	3,900
Cash in hand	2,000	3,800
Bank Overdraft	2,400	.....
Furniture and fittings	800	1,000
Motor bike	9,500	9,500
Bills Receivable	2,000	4,300

**Adjustments :-**

1. Drawings during the year amounted to Rs. 2,800.  
Depreciate Motor Bike by Rs. 500.
2. Write off Rs. 100 towards Bad Debts and further Provision for doubtful debts @5% are to be made.
3. Further a provision of Rs. 200 in respect of bills is also to be provided. 8
3. (a) Distinguish between Hire Purchase System and Instalment System. 8

**OR**

- (b) The Madras Transport Company purchased a Vehicle from Sunil on Instalment Basis. On 1<sup>st</sup> January, 2014 paying Rs. 20,000 cash and agreeing to pay three further instalments of Rs. 20,000 each on 31st December each year.  
The Cash price of Lorry was Rs. 74,500 and Lorry Company charges interest at 5% p.a. The Madras Transport charges depreciation at 10% p.a. on Cash Value of the lorry on diminishing balance method.  
Prepare Analysis Table and Vehicle Account in the books of Madras Transport Company. 8
4. (a) The Bombay General Store invoices goods to their various branches at Cost and the branches sell the Goods not only for cash but also on Credit. Expenses of Branches are paid by the Head Office. The following particulars relate to the Calcutta Branch. Prepare the necessary Account in the Head office.

**Opening Balances on 1-4-2021**

Stock	15,000
Petty Cash	300
Furniture	10,000
Goods sent to Branch	22,000
Goods returned by Branch	800

**Cheques Sent to Branch :**

For Salaries	9,000
For rent	1,500
For Petty Cash	1,100

**Cash Remitted by Branch :**

Cash sales	60,000
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**Closing Balances on 31-03-2022**

Stock	10,000
Petty Cash	200

Write off Depreciation on furniture @10%. 8

**OR**

- (b) What are the roles of Departmental Accounting in Business Organisation ? 8

5. (a) From the following particulars prepare Deficiency A/c of Mr. Ramesh :

Capital	60,000	
Net Profits	35,500	
Net Losses	25,000	
Profit on shares	1,000	
Interest on Capital	15,000	
Drawings	77,200	
Bad debts	8,000	
Loss on Bill Discounted	3,000	
<b>Loss on Sale of Assets :</b>		
Stock	20,000	
Mill	12,800	
Machinery	3,000	
Fixtures	1,500	
Deficiency as per Statement	39,000	8

**OR**

- (b) Give the proforma of Statement of Affairs and Deficiency Account. 8