

**January 2020**  
**Bachelor of Business Administration (BBA) Examination**

(Full time) (New) First Semester  
**BB-104 : BASIC ACCOUNTING**

Time 3 Hours]

[Max. Marks 80

**Note : Attempt any two questions from Section A and any three questions from Section B.**  
**Each question carries equal marks.**

**Section A**

1. What are the Accounting Principles ? What is their necessity ?
2. Define different Accounting Concepts in brief.
3. "There are certain errors which cannot be disclosed by Trial Balance." Discuss the statement.

**Section B**

4. The following is the Trial Balance of Rajratan Textile Ltd., Bhopal on 31<sup>st</sup> March, 2018 :

Particulars	Rs. in thousand	
	Amount	Amount
Stock	75,000	--
Purchases and Sales	2,45,000	3,50,000
Wages (Manufacturing)	50,000	--
Discount	7,000	5,000
Salaries	7,500	--
Rent	4,950	--
General Expenses	17,010	--
Profit and Loss Account (2016-17)	--	15,486
Dividend Paid (Including Tax on Dividend) (2016-17)	5,000	--
Interim Dividend Paid	4,000	--
Tax on Interim Dividend	896	--
Share Capital (10,00,000 Equity Shares of Rs. 100 Each)	--	1,00,000
Debtors and Creditors	37,500	17,500
Plant and Machineries	29,000	--
Cash in Hand and at Bank	15,500	--
Preliminary Expenses (Not Written Off)	300	--
General Reserve	--	15,500
Loan to Director	3,250	--
Bad Debts	1,580	--
<b>Total</b>	<b>5,03,486</b>	<b>5,03,486</b>

Prepare Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2018 and a Balance Sheet as on that date (In Vertical or Horizontal Format) after considering the following :

- (1) Charge Depreciation on Plant and Machinery @ 10% p. a.
- (2) Provide 5% Discount on Debtors.
- (3) Outstanding Rent Rs. 4,50,000.
- (4) Prepaid Insurance Premium (Included in General Expenses) for Six Months @ Rs. 7,50,000 p.a.
- (5) Closing Stock Rs. 8,20,00,000.
- (6) Directors are entitled for Commission Rs. 12,00,000.

P. T. O.

5. From the following cash transaction of Sudaram & Co. prepare Income and Expenditure Account and Balance Sheet for the year ended on 31<sup>st</sup> December, 2018 :

Expenditure	Amount (Rs.)	Payment	Amount (Rs.)
Balance	2,100	Carriage, Tax, etc.	2,680
Entrance Fees	2,550	Wages	2,170
Subscriptions	16,000	Lectures Fees	4,350
Donations	2,650	Books	2,130
Life Membership Fees	2,500	Office Expenses	4,500
Interest	230	Investment	8,000
Profit from Entertainment	420	Balance in Hand	2,620
	<b>26,450</b>		<b>26,450</b>

In beginning of the year Sundaram have Building of Rs. 20,000 and Books of Rs. 5,000. Subscription outstanding at the beginning were Rs. 350 and at the end were Rs. 450. Charge depreciation on Building at the rate of 3% and on Books at 6%.

6. Journalize the following transactions, Post them into Ledger and Balance the Accounts and prepare the Trial Balance on 31 March, 2019 :

Date	Particulars
March 1	Roshanlal started business with a Capital of Rs. 2,00,000 (Cash Rs. 1,00,000; Stock Rs. 20,000; Shop Rs. 80,000)
March 12	He purchased goods on credit from Sohal Rs. 20,000
March 15	He paid cash to Sohal Rs. 10,000
March 22	He sold goods to Krash Rs. 20,000
March 23	He received Cash from Krash Rs. 8,000 on account
March 25	Furniture purchased in Cash Rs. 12,000 from Mohini
March 27	Expenses Paid Rs. 2,000
March 31	Bank Account opened by depositing Rs. 50,000.

7. According to Om's Cash Book, there was a balance of Rs. 30,000 over drawn on 30<sup>th</sup> June, 2019 on his No. 1 Bank Account. On investigation you find : <http://www.davvonline.com>
- (1) Cheque drawn amounting to Rs. 50,000 had not been presented.
  - (2) Cheque Rs. 25,000 entered in the Cash Book as paid into bank had not yet been cleared.
  - (3) A Cheque for Rs. 12,000 drawn on his account No. 1 has been charged by the bank to his No. 2 account.
  - (4) The payment side of the Cash Book had been under cast by Rs. 7,000.
  - (5) A dividend of Rs. 4,000 paid direct to the Bank had been recorded in the Cash Book.
  - (6) Bank Charges of Rs. 3,000 entered in the Bank Statement had not been entered in the Cash Book.
  - (7) A Cheque of Rs. 5,000 paid into the Bank had been dishonoured and shown as such by the Bank, but no entry of the dishonour had been made in the Cash Book.
  - (8) A charge of Rs. 100 had been entered in the Bank Statement but not entered in the Cash Book.

Prepare a Bank Reconciliation Statement showing the balance as per Pass Book.

8. Give Journal Entries of following transactions in the books of Mahesh Kumar & Sons :  
Opening Journal Entry related information is as follows :

**Debit Balance on January 1<sup>st</sup>, 2011 :**

Cash in Hand Rs. 4,000, Cash at Bank Rs. 4,000, Stock Rs. 8,000, Furniture Rs. 5,000, Ram Rs. 7,000, Mohan Rs. 7,000.

**Credit Balances on January 1<sup>st</sup>, 2011 :**

Sohan Rs. 4,000; Shyam Rs. 2,000. Difference is to be treated as capital.

Transactions for the month of January, 2011 are as follows :

Date	Particulars
2 January	Cash Purchases Rs. 3,000 less 20% Trade Discount.
3 January	Received Rs. 6,900 from Ram and allowed him Rs. 100 as discount.
5 January	Purchased Goods from Bhumesb Rs. 5,000.
6 January	Purchased Machine from Shree Machinery Mart Rs. 1,000; Paid Cash Rs. 50 as freight and Rs. 100 as installation charges of the machine to be capitalised.
7 January	Sold goods to Roshani on credit Rs. 200.
12 January	Paid Rs. 3,950 to Sohan in full settlement.
15 January	Roshani became insolvent and could pay only 75 paise in a rupee.
17 January	Deposited in Bank Rs. 2,000.
18 January	Paid Rent by Cheque Rs. 4,000.
19 January	Cash Sales Rs. 2,000.
20 January	Goods Returned to Bhumesb Rs. 300.
21 January	Withdrawal of cash for private expenses Rs. 2,000.
22 January	Withdrew goods for personal use Rs. 200.
31 January	Gave goods on charity Rs. 100.

9. A company, which closes its books every year on 31<sup>st</sup> December purchased on 1<sup>st</sup> January, 2016 certain machinery for Rs. 56,000 and paid Overhauling and Erection Charges Rs. 2,000 each. Additional machinery was purchased on 1<sup>st</sup> October, 2017 for Rs. 20,000 and on 1<sup>st</sup> July, 2018 of Rs. 10,000. Out of the machinery which was purchased on 1<sup>st</sup> January, 2016, the company sold 1/3<sup>rd</sup> part on 1<sup>st</sup> April, 2018 for Rs. 16,000; on the same date the company purchased another machinery for Rs. 12,000. Calculate depreciation at 10% per annum on Reducing Balance Method and prepare Machinery Account from 2016 to 2018.

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