647510 **1101101E2060** **Seat No :_________**

B.B.A. Semester - 1 (*CBCS*) Examination
Nov./Dec. -2018 (Old Course)
PRINCIPLES & PRACTICE OF ACCOUNTING(ELECTIVE)

Time: 2:30 Hours **Marks: 70**

Instructions:
1. All Qstions are compulsory.
2. Figures to the right indicate marks.

Q.1 Explain any Seven accounting concepts, in detail with appropriate examples. (14)

OR

Q.1 (A) State the difference between "Cash Book and Pass Book" (07)

(B) Write a short note on "Rules of Debit And Credit" (07)

Q.2 Enter the following transactions in the Journal of Shree Sumit and prepare Mahesh and Naresh A/c. (14)

(1) Started new business with capital of Rs. 1,20,000 which includes Rs.1,00,000 cash and Rs.20,000 furniture.
(2) Deposited Rs.80,000 in bank account newly opened with Oriental bank of commerce
(3) Purchased goods with Rs.20,000 at 10% trade discount from Mahesh
(4) Paid to Mahesh Rs.17,500 in full settlement of his A/c.
(5) All the goods purchased from Mahesh sold to Naresh at 20% Profit
(6) Received half payment from Naresh in Cheque
(7) Purchased stationery for Rs.1,000 from N.J. Stationery stores
(8) Paid Rs. 1,000 rent for the shop
(9) Purchased goods worth Rs.20,000 at 10% trade discount and 5% cash discount
(10) Purchased a computer for Rs.28,000 and paid amount by cheque
(11) Government has recommended cash less transactions therefore bank has sanctioned bank over draft Rs.50,000

OR

Q.2 Write Short Notes on any two of the following. (14)

(1) Cash transactions and credit transactions
(2) Accounting Equation, A = C+L
(3) Difference between Journal and Ledger
(4) Debit note and credit note

Q.3 From the following transactions of OM Traders prepare Purchase Book, Purchase Return Book, Sales Book and Sales Return Book for the month of March, 2016: (14)

2016		
March	1:	Purchased goods of Rs.8,000 from Manish for Cash at 10% trade discount.
"	2:	Purchased furniture against cheque of Rs.8,000 from Tulip Furniture Mart.
"	3:	Purchased from Sanjay goods costing Rs.10,000 at 10% trade discount.
"	5:	Half the goods Purchased from Sanjay was sold to Jitendra at a profit of 25% On the Selling price.
"	7:	Old furniture of Rs.15,000 sold to Damodar for Rs.3,500.
"	9:	Sold goods to Sejal fro Rs.8,000.
"	11:	Goods of Rs.400 was returned back to Sonali as they were defective and received a credit note for it.
"	15:	Goods of Rs.800 sold to Parul in February, was received back as they were Not according to sample.
"	20:	Jitendra returned defective goods of Rs.1,200 which we returned back to Sanjay
"	27:	Purchased goods from Shivam for Rs.8,000 at 10% trade discount and 5% cash discount. Half the payment was made immediately.

OR

Q.3 Enter the following transactions in three Column Cash book of Shri Sharad and find out two balances: (14)

2016

Jan.	1:	Cash balance Rs.3,000. Bank overdraft Rs.7,500.
“	2:	Since more money was required in business, Sharad brought Rs.37,500 Cash, out of which Rs.20,000 were paid into the bank.
“	7:	Goods Worth Rs.15,000 purchased from Nitin at 10% trade discount and 6% Cash discount. Half the amount paid by a cheque.
“	17:	Goods worth Rs.7,500 were Sold to Dinesh at 2% Cash discount, Dinesh in exchange gave a cheque in ful settlement which was deposited in bank.
“	21:	Paid Rs.1,500 by a cheque towards rent and Rs.3,000 in Cash towards salary.
“	23:	The Cheque received from Dinesh is dishonoured and in exchange he gave Cash.
“	30:	A dividend on shares of Rs.3,800 collected by bank on behalf of Sharad, was credited in the pass book, while Rs.150 interest on overdraft and Rs.75 bank charges were debited. Pass these entries in Cash book now.
“	30:	Paid sundry expenses Rs.500 by Cash.
“	31:	Cash balance of Rs.1,500 was kept and the balance paid into the bank.

Q.4 The following is the Trial Balance of Shri Nikhil as on 31st March,2016: (14)

Names of Account	Dr. Rs.	Cr. Rs.
Capital & Drawings of Nikhil	15,000	1,00,000
Buildings	25,000	
Machinery	25,000	
Stock (1-4-’15)	46,000	
Furniture	8,000	
Depreciation on Furniture	400	
Debtors & Creditors	75,500	65,000
Cash & Bank Balance	8,990	
Purchases and Sales	90,000	1,65,000
Goods Returns	10,000	8,000
Wages	10,000	
Salaries	9,000	
Bad debts	1,500	
Bad debts reserve		2,000
Railway freight and customs	4,000	
Outstanding wages		1,000
Postage, Telegram, stationery, & Printing	2,000	
Advertising Expenses	2,000	
Discount	3,050	1,500
12% Loan (from 1-10-’15)		5,000
Interest on Investments		240
Investments	4,000	
Interest on 12% Loan	100	
Insurance Premium(for the year ending 31-5-’16)	1,200	
Bills of Exchange	20,000	5,000
Commission		8,000
	3,60,740	**3,60,740**

Taking into account of the following adjustments, prepare Trading and Profit and Loss Account and the Balance Sheet.

(1) Stock on hand of 31-3-'16 is of Rs.20,000 but its market value is Rs.18,000.
(2) Depreciate Machinery by 10%, Building was valued at Rs.20,000 on 31-3-2016.
(3) Write of Rs.500 from Debtors, Provide for reserve for bad and doubtful debts at 5% on Debtors.
(4) A private machine of Rs.500 brought by Nikhil of 31-3-'16 has not been recorded in the books.
(5) Interest at 12% on capital is to be allowed and interest at 12% on drawings is to be charged for six months.
(6) Rs.100 paid for erecting a machine brought by Nikhil on 31-3-'16 has been debited to wages account.

OR

Q.4 Shri Chirag has prepared the following Trial Balances as on 31-3-2016: (14)

Debit	Rs.	Credit	Rs.
Trade Expenses	4,170	Discount Received	2,740
Salaries	18,570	Capital Account	1,20,000
Travelling Expenses	2,860	Bad debts reserve	1,440
Discount allowed	1,420	Sales	1,88,000
Drawings	12,000	Creditors	30,940
Leasehold Building	72,000	Bills Payable	6,880
Furniture	9,000		
Stock(1-4-'15)	30,000		
Bank Balance	14,480		
Purchases	1,33,470		
Carriage Inward	4,200		
Bad debts	2,700		
Debtors	32,000		
Bank Charges	50		
Rent	3,000		
Cash on hand	1,080		
Dep. On Fixed Assets	9,000		
	3,50,000		**3,50,000**

You are requested to prepare his Trading A/c and Profit and Loss account as on 31-3-2016 and a Balance Sheet as on that date:

(1) Value of closing stock on 31-3-2016 was Rs. 39,670.
(2) Mr. Chirag's son is working with him in business and is paid an annual salary of Rs.2,400. This amount is included in Drawings.
(3) Advance paid to staff Rs.250 is included in Salaries, Rent outstanding is Rs.600.
(4) Debtors of Rs.1,280 on 31-3-2016 are not recoverable and had to be written off. Bad debts reserve is to be kept at Rs.2,500.
(5) Trade expenses included Rs.480 paid for Insurance of shop for the year ending 30-6-2016.
(6) Goods worth Rs.3,470 returned by customers have been included in purchases.

Q.5 The Pass Book of Shri Balkrishnan shows Bank Overdraft of Rs.13,500 on 30-6-2016. On comparing with Cash Book, the following discrepancies were found: (14)

(1) Cheques of Rs.40,000 were paid into the bank, of which, cheques of Rs.28,500 only were credited in the pass-book.
(2) Bank has credited Rs.750 for interest and debited Rs.500 for bank charges.
(3) A customer, Badriprasad has directly deposited into bank, a cheque of Rs.10,000.
(4) A cheque of Rs.4,000 deposited into the bank was omitted to be recorded in the cashbook.

(5) A bill receivable of Rs.6,000 earlier discounted with the bank, was dishonored and the bank has debited Balkrishnan's account with Rs. 6,150 including bank charges.
(6) A cheque of Rs. 7,250 issued to a creditor and cleared by the bank, was not recorded in the cash book.
(7) Bank has Paid Rs. 5,500 for insurance premium and Rs.3,000 as calls on shares on behalf of Balkrishnan but these were not recorded in cash book.
(8) Bank has collected Rs.9,000 for dividend which was not recorded in the cash book.

Prepare bank reconciliation statement as on 30-6-2016.

OR

Q.5 Donald Trump's trial balance as on 30 – September, 2016 did not agree. The difference was put to a Suspense Account. Subsequently following errors were discovered : (14)

(1) The total of the Purchases Book Rs. 693 was carried forward as Rs. 639/
(2) Sale of Rs. 672 was entered in the Sales Book as Rs. 762 and was posted wrongly to the credit of a customer's account.
(3) A Purchases Return of Rs. 100 was wrongly entered in the sales return book; however, the creditor's account had been debited correctly.
(4) Cash received from a customer Rs. 320 was wrongly posted to the debit side of his account as Rs. 230.
(5) The debit total of the discount column in the Cash Book was added short by Rs. 20.
(6) The machinery repairing charges Rs. 100 was debited to the Machinery Account.

You are required to pass rectifying entries and prepare Suspense Account.

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