

BBA I Year Examination

BBA-02 Fundamentals of Accounting

Time: 3 Hours

Max. Marks: 70

Note: The question paper is divided into three sections A, B & C. Write Answers as per the given instructions.

Section A (Very Short Answer Type Questions)

Note: Answers all 7 questions. As per the nature of the questions you delimit your answer in one sentence up to 30 words. Each question carries equal marks. (Marks 2x7=14)

1. Current Cost
2. Financial Statement.
3. Money Measurement.
4. Convention of Conservatism.
5. Book Keeping
6. Depreciation
7. Balance Sheet
8. Provisions
9. Capital Expenditure
10. Accrual concept
11. Accrued wages
12. Prepaid Expenses
13. Capital
14. Credit Purchase
15. Cash Sales
16. Petty Cash Book
17. Single column Cash Book
18. Real Account
19. Entry
20. Compound Entry
21. Bad debts
22. Trade Discount
23. Cash Discount
24. Profit and Loss Account

Section B

(Short Answer Type Questions)

Answer any 4 questions. Each answer should not exceed 200 words. Each question carries 07 marks. (Marks 7x4 = 28)

1. Advantages of Petty Cash Book.
2. Define Depreciation and its methods.
3. What do you mean by unearned income?
4. What is Receipt and Payment account?
5. Differences between Income & Expenditure Account and Receipt & Payment Account.
6. Sectional and self balancing system.
7. A company took a loan from bank worth Rs. 4,00,000 and issue 5,000 12% Debentures of Rs. 100 each as a collateral security. Explain how you will deal with the issue of debentures in the books of the company.
8. Explain each subsidiary book in brief. Also describe the advantages of keeping subsidiary books.
9. Different methods of charging depreciation.
10. Three column cash book.
11. How inter departmental transfers are dealt with in departmental accounting?
12. Procedure of preparation of bank reconciliation statement.
13. What is accounting? Explain its scope.
14. What is meant by full disclosure?
15. What is journal and journalising?
16. What is subsidiary books?
17. What are the types of cash books?
18. What is Bank reconciliation statement?
19. Explain the written down value method of depreciation.
20. Prepare Horizontal Form of Balance Sheet.
21. Prepare Vertical Form of Balance Sheet.
22. What do you mean by unearned income?
23. What is Receipt and Payment Account?
24. What is Income and Expenditure Account?

Section C

(Long Answer Type Questions)

Answer any 2 questions. Each answer should not exceed 500 words. Each question carries 14 marks. (Marks 2x14=28)

1. What are the advantages and limitations of a journal? Write the explanation of the format of journal.
2. "Profit and Loss Account and Balance Sheet are indispensable statements." Give your comment.
3. What do you understand by consignment of goods? Explain the difference between consignment and sale.
4. A Company purchased machinery for Rs. 50,000 on 1st July, 2007. Another machinery costing Rs. 10,000 was purchased on 1st September, 2008. On 31st December, 2009; the machinery purchased in 2007 was sold at a loss of Rs. 5,000. The company charges depreciation at the rate of 15% on diminishing balance method. Accounts are closed on 31st December every year. Prepare Machinery Account for 3 years.
5. What is "Share capital"? Explain the meaning of different types of share capital. How is it shown in the Balance Sheet?
6. "Bank reconciliation statement plays an important role to removing the errors between cash book and pass book." Explain this statement.
7. What do you mean by accounting process? What are the steps involved in accounting process?
8. Discuss all accounting concepts and conventions in detail.
9. What do you understand by the term "Principles and Postulates of accounting"?
10. Explain the significance and nature of final Accounts.
11. State four features of Receipt and Payment Account.
12. Explain the Normal loss and Abnormal loss in Process accounting.
13. Explain the meaning of self balancing system of ledger. How does it differ from sectional balancing system of ledger?
14. Why departmental accounting is necessary? What purpose it serves?
15. Explain stock and debtors method of accounting in case of dependent branch.
16. What are the rules for utilising the balance of Security Premium Account?
17. What do you understand by the term of "Forfeiture of Shares"?
18. What will be the accounting treatment on re-issue of forfeited shares?

19. State the provisions of the Companies Act, 1956 regarding redemption of preference shares.
20. Explain meaning and accounting treatment of debentures issued as collateral security.
21. Distinguish between debentures and Shares.
22. The debtors of a trader are Rs. 10,00,000 as on 31st March, 2014. It has been decided to provide 10% for doubtful debts and 2% for discount on debtors. Give adjustment journal entry for provision for doubtful debts and also discount on debtors.
23. Record the following transaction in the journal of Hrishit:

2009		Rs.
July 1	Started business with cash	90,000
July 1	Paid into bank	50,000
July 2	Goods purchased for cash	30,000
July 3	Purchase of furniture and payment by cheque	10,000
July 4	Sold goods to Ramlal	4,000
July 5	Sold goods to Mahesh	8,000
July 7	Goods purchased from Raj	14,000
July 8	Goods returned by Mahesh	2,000
July 9	Goods returned to Raj	2,000
July 10	Cash received from Mahesh and discount allowed to him	7,520 80
July 12	Withdrew from bank for private use	2,000
July 12	Withdrew from bank for use in business	10,000
July 15	Paid Telephone rent for one year	800
July 17	Proprietor took a loan from his brother Rajan for business	2,000
July 19	Cash paid to Raj in full settlement	11,450
July 25	Received an order for goods from Mahesh	1,000

24. Mr. X had prepared the following trial balance from his ledger as on 31st March, 2010:

Items	Dr. Balance Rs.	Credit Balance Rs.
Purchases	6,20,000	
Sales		8,30,000
Cash in hand	4,200	
Cash in Bank	24,000	
Stock of goods (opening)	1,00,000	
Mr X's Capital		5,77,200
Drawings	8,000	
Salaries	64,000	
Postage and Telephone	23,000	
Salesman's Commission	70,000	
Insurance	18,000	
Advertising	34,000	
Furniture	44,000	

Printing and Stationery	6,000	
Motor Car	96,000	
Bad Debts	4,000	
Cash Discount	8,000	
General Expenses	60,000	
Carriage inwards	20,000	
Carriage Outward	44,000	
Wages	40,000	
Creditors		80,000
Debtors	2,00,000	
Total	14,87,200	14,87,200

You are required to prepare Trading and Profit and Loss Account for the year ended March 2010 and Balance Sheet as on that date.

Additional Information:

- (i) Cost of goods in stock as on 31st March, 2010 Rs. 1,45,000.
- (ii) Mr. X had withdrawn goods worth Rs. 5,000 during the year
- (iii) Purchases include Purchase of furniture worth Rs. 10,000
- (iv) Debtors include Rs. 5,000 bad debts
- (v) Creditors include a balance of Rs. 4,000 to the credit of Mr. B in respect of which it has been decided and settled with the party to pay only Rs. 1,000
- (vi) Sales of goods worth Rs. 15,000 sent to Ram & Co. on approval basis remain unsold as on March 31, 2010 the cost of goods was Rs. 10,000
- (vii) Provision for bad debts is to be created at 5% on Sunday Debtors.
- (viii) Depreciate Furniture by 15% and Motor Car by 20%
- (ix) The Salesmen are entitled to a commission of 10% on total sales.