

E 4821

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Reg. No.....

Name.....

B.B.A. DEGREE (C.E.C.S.S) EXAMINATION, NOVEMBER 2012

First Semester

Core Course—BUSINESS ACCOUNTING

Time : Three Hours

Maximum Weight : 25

Part A

Answer all questions.

Each bunch of four questions carries weight 1.

BUNCH I

1. Treatment of capital in the books of the firm as liability observes the business assumptions of "_____".
2. The qualitative aspect of business is not recorded in the books of accounts according to the basic assumption of "_____".
3. Companies must prepare financial statements at least yearly due to "_____".
4. Expansion of GAAP is "_____".

BUNCH II

5. "_____". is the book of original entry.
6. "_____". transactions are not recorded in cash book.
7. Sales book has "_____". balance.
8. While preparing accounts appearing in the sales return book posting is made at their "_____". side.

BUNCH III

9. A "_____". means a debit balance in the bank pass book.
10. Writing a transaction in ledger is known as "_____".
11. Debiting wages account for wages paid for construction of a building is an error of "_____".
12. Rent paid for building amounting to Rs. 50 was credited in rent account as 500. In the rectifying entry, rent account will be debited with "_____".

BUNCH IV

13. "_____". is created for a known liability.
14. Under diminishing balance method of charging depreciation it "_____". every year.
15. Notary charges are paid to the notary public by "_____".
16. The process of transferring the ownership of bill is called "_____".

(4 × 1 = 4)

Turn over

Part B

*Answer any five questions.
Each question carries weight 1.*

17. What is Marshalling of Assets and Liabilities ?
18. Name the types of personal accounts.
19. Mention *three* factors affecting depreciation.
20. Explain the meaning of reserve.
21. Mention the period for which discount is calculated in case of discounting the bill.
22. How will you show prepaid expense in financial system if it appears in trial balance.
23. Explain briefly the principle of double entry system.
24. Mention any *two* types of errors which affects trial balance.

(5 × 1 = 5)

Part C

*Answer any four questions.
Each question carries weight 2.*

25. Explain the meaning and significance of concepts and conventions in accounting.
26. Journalize the following transactions in the books of Ramesh :
 - A. Ali is declared insolvent and received from his official receiver a first and final dividend of 60 paise in a rupee for a debt of 5,000.
 - B. Paid Rs. 200 as insurance for the next year.
 - C. Sold furniture purchased for Rs. 500 for Rs. 200 (Accumulated depr. reserve—Rs 400).
 - D. Withdrew goods worth Rs. 100 for personal use.
27. Enter the following in three-column cash book :

			Rs.
2011	1 April	Started business with cash	... 40,000
	5 April	Deposited unto bank	... 10,000
	6 April	Sold goods for cash	... 50,000
	6 April	Bought goods by cheque	... 6,000
	10 April	Received cheque for Rs. 20,000 in full settlement for a debt of 25,000	
	15 April	Honoured our own acceptance by cheque Rs. 6,500	
	30 April	Discounted a B/E @ 1% through bank.	... 4,000

28. Rectify the following errors :

- (a) Rent paid to the landlord was debited in his personal account with Rs. 500.
- (b) Goods returned by Arjun were taken unto stock. The return was recorded in the sales return book with Rs. 400, but it was written at debit side of Arjun's account.
- (c) Rs. 75 discount given to Tom was correctly entered in cash book but credited to discount received account.
- (d) The total of sales book was undercast by Rs. 1,000.

29. Define Accounting and state its objectives.

30. Prepare Bank reconciliation :

	Rs.
(a) Bank OD as per cash book	... 6,000
(b) Cheques issued not presented	... 3,750
(c) Rs. 75 charged by bank as bank charges not yet entered in cash book.	
(d) Interest charged by bank Rs. 235 but not entered in cash book.	
(e) Interest on investment collected by the bank and credited in pass book amounted to Rs. 3,000.	

(4 × 2 = 8)

Part D

*Answer any two questions.
Each question carries weight 4.*

31. Discuss in detail the various types of errors which do not affect the trial balance.

32. In 1-1-2011 RK Enterprises purchased from JK Ltd, a plant costing 5 lakhs on instatement basis payable as follows :

	Rs.
1-1-2011	... 1,00,000
1-7-2011	... 1,00,000
1-1-2012	... 1,00,000
1-7-2012	... 2,00,000

The Company spent Rs. 15,000 on its transportation and installation. The Company decided to follows SLM of deprecation. The useful life was estimated as 5 years and its scrap value was estimated to be Rs. 17,000 and the dismantling cost to be borne by the company was estimated to be Rs. 2000.

Turn over

The plant was destroyed by fire on 1-5-2013 and an insurance claim of 50,000 was admitted by the Company. Prepare.

- (a) Plant Account.
- (b) Accumulated Depreciation Account.
- (c) Profit and Loss on sale of Asset Account Company Closes books on 31st December.

Prepare account for period 2011 to 2013.

33. From the following balance and additional information, prepare Trading, Profit and Loss Account :

	Dr		Cr
	Rs.		Rs.
Machinery	... 4,000	Capital	... 9,000
Cash at bank	... 1,000	Sales 16,000
Cash in hand	... 500	Creditors	... 4,500
Wages	... 1,000	Interest	... 300
Purchase	... 8,000		
Stock	... 6,000		
Debtor	... 4,400		
Bills Received	... 2,900		
Rent	... 450		
Commission	... 250		
General Expenses	... 800		
Salaries	... 500		

- (a) Provide interest on capital at 10%
- (b) Depreciate machinery by 5%.
- (c) Outstanding wages amount to Rs. 50.
- (d) Rent prepaid Rs. 100.
- (e) Closing stock Rs. 8,000.

(2 × 4 = 8)