

E 6976

(Pages : 6)

Reg. No.....

Name.....

B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, NOVEMBER 2013

First Semester

Core Course—BUSINESS ACCOUNTING

(2013 admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

Short Answer Questions :

1. What do you mean by GAAP ?
2. Define principles of Accounting.
3. Under which accounting principle quality of manpower is not recorded in the books of accounts ?
4. How is an accounting equation expressed ?
5. Give an example of transaction that decreases one asset and increases another.
6. What is the nature of outstanding rent ? Is it personal, real or nominal in nature ?
7. What is a ledger ?
8. Under which concept is advance received against sale of goods is recorded as 'Advance against sale' and not sales ?
9. What do you mean by an opening entry ?
10. Give an example of a transaction that increases one liability and decreases another.

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

Brief Answer Questions :

11. Accounting may lead to window dressing—Explain.
12. What is the effect of the following in an accounting equation ?
 - (a) Outstanding expenses.
 - (b) Accrued income.

Turn over

13. Briefly explain the accounting equation. Also state the concept governing accounting equation.
14. What is a nominal account ? Give two examples.
15. Describe 'Totals Method' in preparing Trial Balance.
16. Define a provision.
17. Compute total assets if,

	Rs.
Capital	2,00,000
Creditors	50,000
Revenue during the year	5,00,000
Expenses during the year	4,00,000

18. What do you mean by a reserve ?
19. Define 'bill at right' and 'bill after right'.
20. Give any *two* importance of maintaining reserves.
21. What do you mean by a compound entry ? Explain with an example.
22. Explain a secret reserve.

(8 × 2 = 16)

Part C

Answer any six questions.

Each question carries 4 marks.

Descriptive / Short Essay Type Questions :

23. Define Accounting. Explain any *three* limitations of Accounting.
24. Rahul a Proprietor of M/s. R.K. and Co. purchased an air conditioner and installed it at his residence. The payment was made by issuing a cheque from the accounts of M/s R.K. and Co. The accountant debited the drawings account whereas Rahul is of the opinion that it should be debited to fixed assets. In your view, who is correct and why ?
Substantiate your answer with the appropriate principle governing the above case.
25. What are the functions of Accounting ?
26. Prepare accounting equation from the following :

	Rs.
(i) X started business with cash ..	1,00,000
(ii) Purchased goods for cash costing ..	10,000
and on credit costing. Rs. 15,000 both at a profit of 20%.	

27. 'Capital is a liability for the business'. Explain this statement with the principle applied.
28. State any *two* differences between Journal and Ledger.
29. Give the distinction between revenue reserve and capital reserve.
30. (a) Define a promissory note.
(b) Who are the parties to a bill of exchange ? Briefly explain.
31. What are the objectives of maintaining provisions ?

(6 × 4 = 24)

Part D*Answer any two questions.**Each question carries 15 marks.*

Long Essay :

32. (a) Prepare a two column cash book considering the following transactions :

2013		Rs.
January 1	Sam commences business with cash	.. 20,00,000
„ 4	He receives cheque from Kriti and Co. on account	.. 60,000
„ 7	He pays into bank the cheque received from Kriti and Co.	
„ 20	He receives cash Rs. 7,500 and cheque Rs. 10,000 for cash sales	
„ 25	He pays sundry expenses on cash	.. 5,000
„ 30	He draws cheque for office use	.. 40,000
„ 31	He draws cheque for personal use	.. 25,000
„ 31	He pays commission by cheque to Tagpal	.. 30,000

- (b) Prepare analytical Petty Cash Book :

The following transactions took place during the week ended 25th May 2013 :

2013		Rs.
May 20	Postage stamps purchased	... 40
„ 21	Casual labour wages	... 150
„ 22	Taxi hire	... 100
„ 23	Refreshment to customers	... 30
„ 24	Writing pads and registers	... 20
„ 24	Paid electric lighting bill	... 30

Petty cashier maintains a weekly 'float' of Rs. 400.

Turn over

33. (a) Prepare the Bank Reconciliation statement and find out the passbook balance :

- (i) Overdraft as per cash book Rs. 1,80,000.
- (ii) Cheque deposited to bank but no entry passed in the cash book Rs. 3,000.
- (iii) Credit side of bank column costed short by Rs. 100.
- (iv) Cheque received and entered into the cash book but not sent to the bank Rs. 10,000.
- (v) Insurance premium paid directly by the bank under standing order Rs. 5,000.
- (vi) Bank charges entered twice in cash book Rs. 100.
- (vii) Cheque received and returned by the bank but no entry passed Rs. 4,000.
- (viii) Cheque 'issued' returned on technical grounds Rs. 3,000.
- (ix) Cheque discounted dishonoured Rs. 40,000.
- (x) Bills receivable directly collected by bank Rs. 20,000.

(b) On 1st January 2011, Rolly owed Rs. 50,000 to Polly. On 1st February he accepted a draft for 3 months drawn on him by Polly for the amount.

On due date, the bill was dishonoured and noting charges being Rs. 100. Give journal entries in the books of Polly in each of the following cases :

- (i) The bill is held till maturity by Polly.
- (ii) The bill is discounted with the bank at 12% p.a. immediately.

34. (a) On 1st January 2005, X Ltd. purchased machinery for Rs. 1,20,000 and on 30th June 6, it acquired additional machinery at cost of Rs. 20,000.

On 1st March 2007, one of the original machine (purchased on 1st January 2005). Which had a cost of Rs. 5,000 was found to have become obsolete and was sold as scrap for Rs. 500. On the same day, a new machine was purchased costing Rs. 8,000.

Depreciation is to be provided at 15% p.a. on WDY basis. Accounts are closed at 31st December each year. Show machinery accounts for the first 3 years.

- (b) Differentiate between straight line method and written down value method of depreciation.
- (c) What do you mean by days of grace ?
- (d) What does a debit balance in bank pass book mean ?

35. (a) Calculate closing stock if:

	Rs.
Cost of goods sold is ..	2,00,000
Purchases ..	2,00,000
Opening Stock ..	1,00,000
Direct Expenses ..	50,000

(b) From the books of M/s. Shyam Traders, the following Trial Balance has been prepared as on 31st March 2013 :

<i>Debit Balances</i>	<i>Amount</i>	<i>Credit Balances</i>	<i>Amount</i>
	Rs.		Rs.
Purchases	... 1,93,500	Sales	... 3,00,000
Wages	... 23,250	Interest on investment	... 24,500
Carriage inwards	... 18,000	Provision for debts	... 2,500
Bad debts	... 600	Cash discount	... 4,500
Rent	... 7,750	Capital	... 49,350
Salary	... 13,500	Creditors	... 18,750
Debtors	... 37,500		
Stock			
(on 31 st March 2013)	... 20,500		
Investment	... 10,000		
Cash	... 14,500		
Furniture	... 10,500		
Plant of factory	... 50,000		
	<hr/>		<hr/>
	3,99,600		3,99,600
	<hr/>		<hr/>

Turn over

Prepare Trading, Profit and Loss account for the year ended 31st March 2013 and the Balance Sheet as on that date, taking into consideration the following adjustments :

- (i) Purchases includes opening stock Rs. 33,500.
- (ii) Outstanding expenses : Rent Rs. 500 and salary Rs. 600.
- (iii) Prepaid expenses : Wages Rs. 250.
- (iv) Write off depreciation on plant and furniture at 10% p.a.

(2 × 15 = 30)