

E 9595

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Reg. No.....

Name.....

B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, NOVEMBER 2014

First Semester

Core Course—BUSINESS ACCOUNTING

(Prior to 2013 admissions)

Time : Three Hours

Maximum Weight : 25

Part A (Objective Type Questions)

Answer all questions.

Each bunch of four questions carries a weight of 1.

Bunch 1

1. Accounting principles are generally based on :
 - (a) Practicability.
 - (b) Subjectivity.
 - (c) Convenient in recording.
2. A bank reconciliation statement is prepared by :
 - (a) Banker.
 - (b) Customer.
 - (c) Debtors.
3. The term sacrificing ratio is used generally in the case of admission of a :
 - (a) Proprietor.
 - (b) Shareholder.
 - (c) Partner.
4. Recognition of revenues and cost as they are incurred is :
 - (a) Accrual.
 - (b) Receivable.
 - (c) Outstanding.

Bunch 2

5. Ledger is the book of _____ entry.
6. Sales journal records all _____ of sales goods.
7. A bill of exchange payable after a certain period is known as _____ Bill.
8. Cost of goods purchased for resale is known as _____.

Bunch 3

9. Interest on drawing is _____ for the business.
10. A present obligation whose amount can be ascertained with substantial accuracy is known as _____.

Turn over

11. In the case of Insurance Policy method, depreciation is credited to the _____ account.
12. The recording of financial transactions related to business operation can be referred as _____.

Bunch 4

13. A journal entry recording more than one transaction is referred as _____.
14. _____ discount is recorded in cash book.
15. Favourable balance as per cash book means _____ in the bank column of the cash book.
16. The profit on depreciation policy is transferred to the _____ account.

(4 × 1 = 4)

Part B

Answer any five questions.

Weight 1 each.

17. What do you mean by 'money measurement concept' ?
18. How is closing stock valued ?
19. What is journal proper ?
20. What is a promissory note ?
21. What is an adjusting entry ?
22. What do you mean by matching concept ?
23. Mention different types of errors.
24. What are suspense accounts ?

(5 × 1 = 5)

Part C

Answer any four questions.

Weight 2 each.

25. Distinguish between tangible assets and intangible assets.
26. Shri Ramaswamy maintain a columnar petty cash book on the imprest system. The imprest amount is Rs. 500. From the following, show his petty cash book would appear for the week ended 12th September 2003 :

Date	Particulars	Rs.
7-9-2003	Balance in hand	134.90
	Received cash reimbursement to make the imprest	12.30
	postage	32.10
	Entertainment	5.40

Date	Particulars	Rs.
8-9-2003	Travelling and Conveyance	12.60
	Miscellaneous expenses	1.10
	Entertainment	7.20
9-9-2003	Repairs	156.70
10-9-2003	Postage	17.40
	Entertainment	12.70
	Travelling	38.40
	Stationery	67.30
	Entertainment	4.10
12-9-2003	Miscellaneous expenses	1.20
	Postage	5.10
	Repairs	48.30

27. From the following transactions relating to Mr. Anilkumar, show the effect of two assets, liabilities and capital by using the accounting equation :

- Started business with cash Rs. 10,000.
- Purchased goods on credit Rs. 8,000.
- Plant purchased for cash Rs. 2,000.
- Sold goods costing Rs. 1,000 for Rs. 2,000 for cash.
- Sold goods on credit to Mahendra costing Rs. 800 for Rs. 1,500.
- Drew for personnel use Rs. 500.
- Paid for salaries Rs. 300.
- Received cash from Mahendra Rs. 700.

28. On 1st January, 2009 the following were the ledger balance of Rajan and Co :

	Rs.
Cash in hand	... 900
Cash at Bank	... 21,000
Soni (Cr.)	... 3,000
Zahir (Dr.)	... 2,400
Stock	... 12,000
Prasad (Cr.)	... 6,000
Sharma (Dr.)	... 4,500
Lall (Cr.)	... 2,700

Turn over

Ascertain capital transaction during the month were :

2009			Rs.
January	2	Bought goods of Prasad	2,700
"	3	Sold to Sharma	3,000
"	5	Bought goods of Lall for cash	3,600
"	7	Took goods for personal use	200
"	13	Received from Zaheer in full settlement	2,350
"	17	Paid to Soni for full settlement	2,920
"	22	Paid cash for stationery	50
"	29	Paid to Prasad by cheque	2,650
"	30	Provided interest on capital	100
"		Rent due to landlord	200

29. From the following particulars, prepare a Bank Reconciliation Statement of Mrithul and Sons Co. showing balance as per pass book on March 31st 2008 :

- (i) On March 31st 2008, the bank balance as per cash book was Rs. 9,800.
- (ii) The following cheques were paid into the firm's current account in the bank in March 2008, but were credited in the bank in April, 2008. Raman Rs. 400. Chand Ram Rs. 300 and Mohan Rs. 200.
- (iii) The following cheques were issued by the firm in March 2008, but were not cashed in April, 2008 : Gopalan Rs. 500 and Krishnan Rs. 250.
- (iv) The pass book shows a credit of Rs. 180 for interest and a debit of Rs. 40 for bank charges.
- (v) The pass book also contains an entry for Rs. 240 being payment made by a customer direct into bank.

30. A company purchased 10 identical machines on January 1st at a cost Rs. 11,000 each, with each having a zero scrap value and an average life of 5 years. At the end of the second year, the company sold one machine for Rs. 6,000 and purchased another for Rs. 14,000 in the beginning of the 3rd year. Journalise the above transactions in the book of the company for first 3 years.

(4 × 2 = 8)

Part D

Answer any two questions.

Weight 4 each.

31. From the following Trial Balance prepare Trading and Profit and Loss Account for the year ended 31st December, 2008 and balance sheet on that date :

	Dr. (Rs.)	Cr. (Rs.)
Drawings	10,000	
Stock on 1-1-2008	46,000	

	Dr. (Rs.)	Cr. (Rs.)
Purchase and purchase return ...	1,50,200	600
Cash in hand ...	3,400	
Bank balance ...	22,660	
Prehold premises ...	38,600	
Trade expenses ...	840	
Printing, Stationery and advertising ...	1,640	
Professional charges ...	280	
Commission received ...		3,300
Investments as on 1 st January at 10% interest on above ...	4,000	200
Sundry debtors and creditors ...	36,000	29,000
Wages ...	25,000	
Salaries ...	14,000	
Capital ...	1,14,000	
Income tax ...	1,600	
Discount allowed and received ...	6,300	4,600
Sales returns and sales ...	550	2,08,950
Bills receivable and bills payable ...	3,200	10,000
Office furniture ...	3,050	
Rent, rated and insurance ...	4,000	
Bad debts provision ...		670
Total	<u>3,71,320</u>	<u>3,71,320</u>

Adjustments :

- Provide for wages Rs. 5,000.
- Write-off 5% depreciation on freehold premises and 10% on office furniture.
- Insurance to the extent of Rs. 200 relates to 2,000.
- Stock on 31-12-2008.
- Charge interest on capital 5% and on drawings Rs. 300.
- Further bad debts are Rs. 1,000.
- Provide for doubtful debts at 5% on sundry creditors.
- Make provision for discounts on debtors and reserve for discount on creditors at 2%.

Turn over

32. Suresh bought a plant on 2003 for a sum of Rs. 1,00,000 having a useful life of 5 years. It is estimated that the plant will have a scrap value of Rs. 16,000 at the end of its useful life. Suresh decides to charge depreciation according to the depreciation fund method. The depreciation fund investments are expected to earn an interest at 5% p.a. The sinking fund table shows that Re. 0.180975 if invested yearly at 5% p.a. produce Re. 1 at the end of 5 years. The investments are sold at the end of the 5th year for a sum of Rs. 65,000. A new plant was purchased for Rs. 1,20,000 on 1-1-2008. The scrap of old plant realises Rs. 17,000. You are required to prepare necessary accounts in the book of Suresh.
33. What are the rules of debtors and creditors for different accounts. (2 × 4 = 8)