

Roll No. 0302447

BBA-104(N)

**B. B. A. (First Semester)
EXAMINATION, Nov./Dec., 2018**

(New Course)
Paper Fourth

BOOK-KEEPING AND BASIC ACCOUNTING

Time : Three Hours] [Maximum Marks : 70

Note : Attempt questions from all Sections as directed.

Inst. : The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.

Section—A

(Short Answer Type Questions)

Note : Attempt all questions. Each question carries 3 marks.

1. (A) Distinguish between Book-keeping and Accountancy.
- (B) Who are various users of Accounting Information ?
- (C) Define double entry system of Accounting.

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- (B) Explain the rules of debit and credit related to Personal Accounts, Real Accounts and Nominal Accounts.
- (F) Distinguish between outstanding expenses and prepaid expenses.
- (E) What do you mean by accrued incomes and unearned incomes? Explain.
- (G) Which types of Accounts are Capital Account, Drawings Account, Outstanding Wages Account and Interest Accrued Account?
- (H) Distinguish between fixed assets and current assets giving four examples of each.
- (I) Mr. Dinesh purchased goods costing for ₹ 10,000 from Mr. Manohar which he sold to Mr. Jabbar for ₹ 13,000. Mr. Jabbar returned goods worth ₹ 3,900 which were again returned to Mr. Manohar by Mr. Dinesh. Give journal entries in the books of Mr. Dinesh for these transactions.
- (J) Distinguish between shares and debentures.

Section—B

(Long Answer Type Questions)

Note : Attempt any two questions. Each question carries 10 marks.

2. Define journal and ledger. Give pro forma of journal with eight imaginary journal entries giving narration etc.
3. Explain the following concepts and convention of Accounting :
(a) Separate entity concept

- (b) Conservatism concept *policy*
- (c) Going concern concept
- (d) Convention of materiality
4. Enter the following transactions in a suitable Cash Book with Cash and Bank Columns for the month of March, 2018 :

March, 2018	
1	Balanced in Hand
	15,500
	Balance at Bank
3	Issued a cheque to Mr. D. for Salary
	1,000
4	Received a cheque from Mr. P
	500
5	Received a cheque for office use
	1,000
7	Issued a cheque for private use
	500
9	Received three cheque from Mr. A, Mr. B and Mr. C for ₹ 500, ₹ 1,000 and ₹ 1,250 respectively
	-
11	The first cheque was deposited into Bank.
	-
	The second cheque was endorsed to Mr. T for goods purchased
	-
	The third cheque was endorsed to Mr. Y for purchase of furniture
	-
12	Received a 'bearer' cheque from Mr. R for
	300
13	The above cheque was cashed at the Bank Counter
	-

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- 14 Received another 'bearer' cheque from Mr. Z 500
- 15 The above cheque was dishonoured at the Bank Counter 700
- 16 Received another 'bearer' cheque from Mr. P and endorsed the same to Mr. K 800
- 17 Received a 'crossed' cheque from a customer and deposited into Bank 300
- 18 Received a cheque from Mr. S for 1,000
- 19 Deposited the cheque into the Bank
- 20 Mr. S's cheque returned dishonoured
- 21 Issued a cheque to Mr. L for 1,000
- 23 'Stop Payment' order was served to the Bank as the same was pick-pocketed
- 24 Received a cheque from Mr. B for 1,000
- 25 The cheque received from Mr. B returned dishonoured at the counter and he paid cash in lieu of the cheque on next day
- 26 Received cheque from Mr. Kar 500
- 27 Mr. Kar's cheque was endorsed to Mr. Das
- 28 Mr. Kar's cheque was returned dishonoured

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- 29 Mr. Kar paid cash for the same
- 30 Issued a cheque to Mr. C, our creditors 750
- 31 Cheque issued to Mr. C returned dishonoured on technical grounds
- Sold goods and received cash ₹ 300 and cheque ₹ 700

5. What are the causes of difference between bank balance as per cash book and bank balance as per pass book ? Give pro forma of Bank Reconciliation Statement.

Or

The following is a summary of a Cash Book as presented to you for the month of December, 2017 :

	₹		₹
Receipts	1,500	Balanced b/d	800
Balance c/d	500	Payments	1,200
	2,000		2,000

All receipts are banked and payments made by cheque.

On investigation you discover :

- (1) Bank charges of ₹ 200 entered on the bank statement had not been entered in Cash Book.
- (2) Cheques drawn amounting to ₹ 2,000 had not been presented to the bank for payment.
- (3) Cheques received totalling ₹ 1,000 had been entered in the Cash Book and paid into bank, but had not been credited by the bank until January, 2018.

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- (4) A cheque for ₹ 50 had been entered as a receipt in the Cash Book instead of as a payment.
 - (5) A cheque for ₹ 300 had been debited by the bank in error.
 - (6) A cheque drawn for ₹ 60 had been incorrectly entered in the Cash Book as ₹ 660.
 - (7) The balance brought forward should have been ₹ 700.
- You are required to :
- (i) Show the adjustments required in the Cash Book.
 - (ii) Prepare a Bank Reconciliation Statement as on 31-12-2017.

Section—C

(Long Answer Type Questions)
Note : Attempt any two questions. Each question carries 10 marks.

6. Distinguish between Bill of Exchange and Promissory Notes. Explain accommodation bills and show journal entries in the books of drawer and drawee in case of accommodation bills.
7. What are the various types of Accounting Errors ? Explain the errors which are disclosed by Trial Balance and the errors which are not disclosed by the Trial Balance.

Or

The book-keeper of a firm having been unable to agree the Trial Balance of 31-3-2018 raised Suspense

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Account. On investigation you find the following errors :

- (a) Goods purchased from K & Co. amounting to ₹ 660 has been posted to debit of their account as ₹ 6.60 from the Purchases Day Book.
- (b) A cheque for ₹ 80.06 received from Bose Bros. has been posted to their Sales Ledger Account as ₹ 86.
- (c) The Sales Day Book has been overcast on page 38 by ₹ 1,000.
- (d) A cash sale of ₹ 73 to A. Ohja correctly entered in the Cash Book, was posted to the debit of A. Ohja's personal account in the ledger.
- (e) The Purchase Return Book for December, 1984 has been undercast by ₹ 100.
- (f) ₹ 380 paid for repairs to plant and was charged to Plant Account as ₹ 830.
- (g) Goods sent out on approval were valued at ₹ 2,500. Out of this supply goods valued at ₹ 1,200 were returned as not approved. No book-keeping entry has been passed.

Show journal entries which are necessary to correct the above errors and prepare the Suspense Account.

8. A second-hand machine was purchased on 1-1-2014 for ₹ 4,00,000. Overhauling and installation expenses for the same machine amounted to ₹ 1,00,000. Another machine was purchased for ₹ 2,00,000 on 1-7-2014. On 1-7-2016, the machine installed on 1-1-2014 was

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sold for ₹ 2,50,000. Dismantling charges for the machine sold on 1-7-2016 were ₹ 10,000. On the same date another machine was purchased for ₹ 8,00,000 and was commissioned on 30-9-2016. The company has adopted calendar year as its financial year. Under the existing practice, the company provides depreciation @ 10% p. a. on original cost. In 2017 it has been decided that depreciation will be charged on the diminishing balance @ 15% p. a. The change is not be made with retrospective effect.

Show Plant Account from 2014-2018 as it could appear in Ledger. Also show Sale of Asset Account or Machinery Disposal Account.

Or

Define depreciation. Explain the methods of charging depreciation giving their merits and demerits.

9. From the following Trial Balance of K. Katrak as on 31-3-2018, prepare Trading and Profit & Loss Account for the year ended 31-3-2018 and a Balance Sheet as on that date after making necessary adjustments :

Trial Balance

	Dr. ₹
K. Katrak's Drawings	12,000
Furniture and Fixtures	4,000
Plant & Machinery	30,000
Opening Stock	20,000
Purchases	80,000

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Salaries and Wages	22,400
Debtors	20,400
Returns Inward	5,000
Postages and Telegrams	1,500
Rent, Rates and Taxes	3,600
Bad Debts Written-off	400
Trade Expenses	200
Interest on loan from M. Mehta	150
Insurance	800
Travelling Expenses	500
Sundry Expenses	300
Cash in Hand	3,050
Cash at Bank	10,300
	2,14,600

	Cr. ₹
K. Katrak's Capital	60,000
Returns Outward	2,000
Sales	1,30,000
Creditors	12,000
Loan at 6% p. a. taken from M. Mehta on 1-10-1982	10,000
Discount	600
	2,14,600

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