

Vidya Vikas Mandal's  
Shree Damodar College of Commerce & Economics Margao-Goa  
F.Y.BBA(FS) SEM I SEMESTER END EXAMINATION, APRIL 2017  
**FUNDAMENTALS OF ACCOUNTING**

**Duration: 2 Hours**

**Max. Marks: 60**

**Instructions:**

- Figures to the right indicate maximum marks.
- Start each question on a fresh page
- All questions are compulsory
- Answer any FIVE questions from the following

**Q.1a)** 'Concepts are those basic assumptions and conditions which form the basis upon which the accountancy has been laid'. Comment. (06)

**Q.1b)** Explain the various users of accounting information. (06)

**Q.2)** Journalize the following transactions: (12)

DATE	TRANSACTIONS
1/12/2015	Mr. Ajit started business with cash Rs.40,000
3/12/2015	He paid into the bank Rs.2,000
5/12/2015	He purchased goods for cash Rs.15,000
8/12/2015	He sold goods for cash Rs.6,000
10/12/2015	He purchased furniture and paid by cheque Rs.5,000
12/12/2015	He sold goods to Arvind Rs.4,000
14/12/2015	He purchased goods from Amrit Rs.10,000
15/12/2015	He returned goods to Amrit Rs.5,000
16/12/2015	Received from Arvind Rs.3,960 in full settlement.
18/12/2015	Withdrew for personal use Rs.1,000
31/12/2015	Paid for stationery Rs.200, Rent 500, Salary Rs.2000
31/12/2015	Goods distributed as free sample Rs.1,000.

**Q.3)** You are required to prepare Trading a/c, Profit and Loss a/c and Balance Sheet from the following trial balance of Nisha Ltd as on 31<sup>st</sup> December 2014: (12)

PARTICULARS	Dr. Rs.	Cr. Rs
Stock (1-1-2014)	5,000	
Purchase and Purchase return	15,000	500
Sundry Debtors and creditors	20,000	12,000
Interest Earned		400
Salaries	3,000	

Sales		32,100
Wages	2,000	
Rent	1,500	
Sales Return	1,000	
Bad debt w/off	700	
Capital		10,000
Drawings	2,400	
Bad debt provision		600
Printing & Stationery	800	
Insurance	1,200	
Office Expenses	1,200	
Furniture	2,000	
Bills Payable	200	
	<b>55800</b>	<b>55800</b>

**Additional Information:**

1. Depreciate furniture by 10% on original cost.
2. Provision for Doubtful Debt is 5% of debtors.
3. Salaries for the month of December amounting to Rs.300 were unpaid an Rs.200 were paid in advance.
4. Insurance is prepaid to the extent of Rs.200.
5. Provide for office expenses of Rs.800.
6. Stock value of Rs.600 was taken by Nisha for personal use.
7. Closing Stock valued at Rs.6,000.

**Q.4)** You are required to prepare in vertical form profit and loss a/c and balance sheet from the following trial balance of Mehul Chemical Company Ltd. for the year ended 31st March, 2012:

(12)

PARTICULARS	Rs	PARTICULARS	Rs
Stock	6,80,000	Equity share capital(shs of Rs.10 each)	25,00,000
Furniture	2,00,000	11% Debentures	5,00,000
Discount	40,000	Bank Loan	6,45,000
Loan to directors	80,000	Bills payable	1,25,000
Advertisement	20,000	Creditors	1,56,000
Bad debt	35,000	Sales	42,68,000
Commission	1,20,000	Rent received	46,000
Purchases	23,19,000	Transfer fees received	10,000



17/04/2011	Withdraw cash from bank for office use	5000
20/04/2011	Received cheque from Ali	12500
20/04/2011	Discount allowed to Ali	500
21/04/2011	Deposited Ali's cheque in bank which was received on 20 <sup>th</sup> April 2011.	
22/04/2011	Withdraw for personal use	5000
30/04/2011	Salaries paid by cheque	5000

**Q.6a)** Discuss the importance of Bank Reconciliation Statement. (06)

**Q.6b)** Enter the following transactions in the Purchase Day Book of M/s Chetan Cloth Merchant: (06)

**January 2014:**

- Jan 2: Bought of Gopi and Co. 60 yards of long cloth @ Rs. 140 per yard.
- Jan 8: Purchased from B Chandra & Co. piece goods for Rs.40,000.
- Jan16: Purchased from Rahual & Co. 100 yards of shirting @ Rs.300 per yard trade discount @ 2%.
- Jan17: Purchased from Briyan & Co. piece goods for Rs.40,000 on cash basis.
- Jan 28: Bought of Sarkar and Sons, 200 yards of terycot at Rs.1,200 per yard less 2.5% trade discount.
- Jan 31: Bought of G Gosh and Co. 10 yards of long cloth @ Rs. 140 per yard for cash.
- Jan 31: Bought of Roy and Co. furniture of Rs.50,000.
- Jan 31: Bought of Jai and Co. Cotton cloth for Rs.50,000.

**Q.7)** Prepare the Ledger Accounts and the Trial Balance on the basis of following transactions as on 31<sup>st</sup> March 2015 : (12)

1. Rohit started business with a capital of Rs.20,000.
2. He purchased goods from Manju on credit Rs.4,000.
3. He paid cash to Manju Rs.2,000.
4. He sold goods to Sham Rs.4,000.
5. He received cash from Sham Rs.6,000.
6. He further purchased goods from Manju Rs.4,000.
7. He paid cash to Manju Rs.2,000.
8. He further sold goods to Sham Rs.4,000.
9. He received cash from Sham Rs.2,000.

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Plant and machinery	8,60,000	Profit & loss account	1,39,000
Rentals	25,000	Provision: Machinery	1,46,000
Current account	45,000		
Cash	8,000		
Interest on bank loan	1,16,000		
Preliminary expenses	10,000		
Fixtures	3,00,000		
Wages	9,00,000		
Consumables	84,000		
Freehold land	15,46,000		
Tools & Equipment	2,45,000		
Goodwill	2,65,000		
Debtors	2,87,000		
Bills receivable	1,53,000		
Dealer aids	21,000		
Transit insurance	30,000		
Trade expenses	72,000		
Distribution freight	54,000		
Debenture interest	20,000		
	<b>85,35,000</b>		<b>85,35,000</b>

Additional information: Closing stock as on 31.03.12 is Rs. 8,23,000

Q.5) Enter the following transactions in the Cash Book with three columns in the books of John Ltd: (12)

DATE	PATICULARS	Rs.
01/04/2011	Commenced business with cash	150000
02/04/2011	Incurred expenses	5000
03/04/2011	Paid into bank	135000
04/04/2011	Paid Raju by cheque	34500
04/04/2011	Discount allowed to Raju	500
06/04/2011	Bought furniture by cheque	7000
08/04/2011	Received cheque from Kashmira	33000
08/04/2011	Discount allowed to Kashmira	600
10/04/2011	Cash sales	25000
10/04/2011	Deposited Kashmira's cheque into bank	24000
11/04/2011	Deposited into bank	50000
12/04/2011	Cheque purchases	1500
13/04/2011	Received commission	1500
13/04/2011	Paid freight on goods	850
15/04/2011	Paid publicity expenses	1200