

Vidya Vikas Mandal's  
 Shree Damodar College of Commerce & Economics, Margao- Goa  
 First Year BBA (FS) – Semester I  
 End Semester Examination, Repeat *April 2016*  
**FUNDAMENTALS OF ACCOUNTING**

Duration: 2 Hours

Max.Marks: 60

**Instructions:**

- *Figures to the right indicate maximum marks*
- *Answer any FIVE questions from the following*
- *Start each new question on a fresh page*

**Q.1a)** Explain the different methods of depreciation. (06)

**Q.1b)** Discuss the importance of Bank Reconciliation Statement. (06)

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

DATE	TRANSACTIONS
1/12/2014	Mr. Ajit started business with cash Rs.40,000
10/12/2014	He paid into the Bank Rs.2,000
15/12/2014	He purchased goods for cash Rs.15,000
20/12/2014	He sold goods for cash Rs.6,000
25/12/2014	He purchased furniture and paid by cheque Rs. 5,000
26/12/2014	He withdrew cash from business for personal use Rs.2,000
28/12/2014	Sold goods to Arvind & Co. Rs.4,000
31/12/2014	Paid for Stationery Rs.200, Rent Rs.500 and Salaries to staff Rs.2, 000.
31/12/2014	Provide depreciation on furniture Rs.500
31/12/2014	Received cash from Arvind & Co.Rs.3,900 in full settlement of his account.
31/12/2014	Interest received from bank Rs. 1200.
31/12/2014	Paid rent Rs.2,000.

**Q.3.)** From the following transactions prepare Three-column cash book (12)

- 1<sup>st</sup> March 2014, Cash in hand Rs.1532 and balance at bank Rs.18500.
2. Received from Salman Rs.590 and allowed him discount Rs.10.
3. Paid salaries for the month of February Rs.200.
4. Purchased merchandise payment made by cheque Rs.3200.
8. Paid Bilal&co by cheque Rs.800 discount received Rs.20.
10. Withdrew from bank for office use Rs.400. paid rent in cash Rs.300.
14. Deposited into bank Rs.500.
15. Cash sales Rs.2460.
18. Purchased a motor car for Rs.6500 payment made by cheque.
23. Received a cheque from Salman for Rs.391 discount Rs.9.
25. Paid wages Rs.350.
28. Salman cheque paid into bank.
29. Paid general expenses Rs.360.
31. Cash sales Rs.6440.

**Q.4) Prepare Machinery Account:****(12)**

- Balance on 01/01/2007: Rs. 25,000.
- Purchase of machinery on 01/07/2007: Rs. 8,000. The original cost of machinery sold was Rs. 10,000 on 01/07/2004.
- Installation charges of Rs. 2,000 on the purchase of new machinery.
- Machinery is being depreciated at 10% p.a. on fixed instalment basis.
- The opening balance includes Rs. 17,500 worth machinery purchased on 31<sup>st</sup> December 2006.

**Q.5.) Prepare Machinery a/c from the year 2004 to 2007:****(12)**

The Plant and Machinery account of a company had a debit balance of Rs. 1,47,390 on 01/01/2007. The company was incorporated in 2004 and has been following the practice of charging depreciation every year on the diminishing balance system @ 15%. In the year 2007 it was, however decided to change the method from reducing system to straight line with retrospective effect from 2004 and to give effect of the change while preparing the final a/c for the year ended 31<sup>st</sup> December 2007, the rate of depreciation remains same. In the year 2007 a new machine was purchased at a cost of Rs. 50,000. All the other machinery were acquired in 2004.

**Q.6.)** The following balances are extended from the ledgers of a Trader for the year ending 31<sup>st</sup> December 2013. You are required to prepare final accounts to be prepared in the shareholders meeting:

**(12)**

PARTICULARS	Rs.	PARTICULARS	Rs.
Opening Stock	28,800	Capital	40,000
Postage	640	Loan	11,200
Commission	1,120	Sales	2,08,000
Discount Allowed	1,440	Bills Payable	13,280
Rent	5,760	Return Outwards	3,200
Wages	17,600	Discount Received	1,760
Salaries	12,800	Sundry Creditors	24,000
Furniture	1,600		
Type Writer	480		
Motor Car	48,000		
Sundry Debtors	25,600		
Cash in hand & at Bank	4,800		
Purchase	14,400		
Bad Debts	800		
Return Inwards	8,000		
	<b>3,01,440</b>		<b>3,01,440</b>

**Additional Information:**

- i) Closing stock was valued at Rs. 38,400/-
- ii) Outstanding salaries Rs. 2,400/-
- iii) Provide interest on capital @5%.

- iv) Create provision for bad & doubtful debt @5% on debtors and 1% provision for discount on sundry creditors.
- v) Depreciate furniture by 10%, motor car by 20% and typewriter at 5%.

**Q.7.)** You are required to prepare in vertical form profit and loss a/c and balance sheet from the following trial balance of Mehul Company Ltd. for the year ended 31st March, 2012: (12)

**Trial Balance as at 31st March, 2012**

Particulars	Rs	Particulars	Rs
Opening Stock	68,000	Equity Shares Capital(Shares of Rs.10 each)	2,50,000
Furniture & Fixtures	50,000	11% Debentures	50,000
Discount	4,000	Bank Loans	64,500
Loan to Directors	8,000	Bills Payable	12,500
Advertisement	2,000	Creditors	15,600
Bad Debts	3,500	Sales	4,26,800
Commission	12,000	Rent Received	4,600
Purchases	231,900	Transfer Fees	1,000
Plant and Machinery	86,000	Profit & Loss Appropriation Account	13,900
Rentals	2,500	Provision for Depreciation on Plant & Machinery	14,600
Current Account	4,500		
Cash	800		
Interest on Bank Loan	11,600		
Preliminary Expenses	1,000		
Wages	90,000		
Consumables	8,400		
Freehold Land	1,54,600		
Tools and Equipments	24,500		
Goodwill	26,500		
Debtors	28,700		
Bills Receivables	15,300		
Dealer Aids	2,100		
Transit Insurance	3,000		
Trade Expenses	7,200		
Distribution Freight	5,400		
Debentures Interest	2,000		
	<b>8,53,500</b>		<b>8,53,500</b>

**Additional Information :**

- Closing stock as on 31st march, 2012, Rs.82,300
- Depreciation on furniture & fixtures @5%, Freehold land @2% and Tools and Equipments @5% to be provided.

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