

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)

- 1st 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 31st 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 31st 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 31st 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 | | |
| | 3,01,440 | | 3,01,440 |

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 | | |
| | 8,53,500 | | 8,53,500 |

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.
