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**[4967]-1003**

**B.B.A. (First Semester) EXAMINATION, 2016**

**103 : BUSINESS ACCOUNTING**

**(2013 PATTERN)**

**Time : 3 Hours**

**Maximum Marks : 80**

**N.B. :—** (i) *All* questions are compulsory.

(ii) Figures to the right indicate full marks.

(iii) Use of simple calculator is allowed.

1. (A) State with reason whether the following statements are true or false (any six) : [6]

(a) It is easy to know the behaviour of costs in financial accounting.

(b) Net profit increase owner's equity.

(c) Cash discount is a motivation for making prompt payment.

(d) When old furniture is sold to Mr. Shareef on credit, sales account is credited.

(e) Debit balance in cash book means bank overdraft.

(f) Under written down value method the rate of depreciation is fixed.

(g) Closing stock is valued at market price.

P.T.O.

- (B) Fill in the blanks (any *six*) : [6]
- (a) If the business suffers a loss, the.....of the proprietor decreases.
- (b) Accounting standards in India are issued by the.....
- (c) The physical wear and tear in an asset is called.....
- (d) Purchases returns are to be deducted from.....
- (e) Carriage on purchases is debited to.....account.
- (f) Goodwill is an.....asset.
- (g) Cash deposited into bank is a.....entry.

2. Write short notes on (any *three*) : [12]
- (a) Bank Reconciliation Statement
- (b) Computerised Accounting System
- (c) Methods of Depreciation
- (d) Business entity concept
- (e) AS-2.

3. From the following Trial Balance of A. J. SID Aurangabad as on 31st March, 2016 and the adjustments given below. You are required to prepare Trading Account and Profit Loss Account for the year ended 31st March, 2016 and a Balance Sheet as on that date : [20]

**Trial Balance as on 31st March, 2016**

Particulars	Debit ₹	Particulars	Credit ₹
AJ's Drawings	5,000	AJ's capital	1,04,000
Plant and Machinery	50,000	Reserve for bad debts	2,000
Goodwill	10,000	Sundry creditors	12,400

Purchases	90,000	Returns outwards	2,000
Returns Inward	3,000	Bills payable	8,900
Patents	14,000	Sales	1,53,000
Freight and duty	1,800	Discount received	200
Opening stock	23,000		
Sales promotion charges	1,000		
Printing and stationery	1,700		
Insurance for 14 months [upto 31st May, 2016]	1,400		
Sundry debtors	41,000		
Furniture	10,000		
Bills receivable	7,300		
Rent and taxes	5,500		
Bad debts	1,300		
Wages	7,200		
Cash in Hand	2,000		
Petty cash	600		
Salary	6,700		
<b>Total</b>	<b>2,82,500</b>		<b>2,82,500</b>

*Adjustments :*

- (i) Stock at the close on 31st March, 2016 amounted to ₹ 22,000.
- (ii) Provide depreciation on Plant and Machinery @ 20% p.a. and patents are revalued at ₹ 12,000.
- (iii) Wages payable amounted to ₹ 800.
- (iv) Create a reserve for bad and doubtful debts @ 5% on sundry debtors.

(v) Stationery of ₹ 200 is on hand on 31st March, 2016.

(vi) Write off ₹ 1,300 as further bad debts.

4. Show journal entries for the following in the books of Pab Jyot for January 2016 : [18]

- 2 Jan. Started business with ₹ 20,000 of which ₹ 12,000 were borrowed from Mrs. Pab Jyot
- 4 Jan. Bought goods from Surendra ₹ 1,000 @ 20% trade discount.
- 6 Jan. Sold furniture for cash ₹ 1,700
- 7 Jan. Withdrew ₹ 250 for personal use and ₹ 200 for office use from Bank
- 8 Jan. Invoiced to Rajendra goods for ₹ 2,500 @ 20% trade discount and 8% cash discount for cash.
- 11 Jan. Purchased second hand goods from Narendra ₹ 700 for cash @ 30% trade discount
- 15 Jan. Cash paid to Virendra ₹ 540 in full settlement of ₹ 570
- 18 Jan. Inferior quality goods returned to Surendra ₹ 100 gross
- 20 Jan. Remitted to Surendra ₹ 700 in full settlement of his account
- 24 Jan. Spot purchases made ₹ 1,600
- 26 Jan. Received ₹ 320 from Dharmendra as Commission
- 29 Jan. Sold goods to Vijayendra ₹ 3,500 @ 10% discount on credit
- 30 Jan. Paid to Bhagendra ₹ 780 for carriage on sales
- 31 Jan. Remuneration paid to Office Manager, Raghavendra ₹ 2,400.

*Or*

Enter the following transactions in the cash book of Dinesh having cash book with cash and bank columns for March, 2016 :

March 2016

- 1 Cash in hand ₹ 800 and at Bank ₹ 2,000
- 2 Sold goods to Suresh and Co. for ₹ 1,200 and received cash of ₹ 800 in part payment.
- 3 Purchased goods from Patel for ₹ 1568 and paid the amount by issue of a cheque.
- 5 Transferred ₹ 1,000 from Private Bank Account to Business Bank Account.
- 10 Issued a cheque of ₹ 400 to Bharat Furniture Works for the furniture purchased in the month of February, 2016.
- 12 Withdrew for personal use from Bank ₹ 200.
- 14 Issued a cheque to petty cashier for ₹ 350.
- 15 Withdrew for office use ₹ 1,000.
- 18 Suresh and Co. informed that they paid directly into our Bank Account the remaining balance i.e., ₹ 400.
- 19 Bank collected interest on investments and credited to our account ₹ 400. Bank charged 1% commission.
- 20 Insured goods against fire ₹ 80,000 and paid insurance premium 2% by cheque.
- 21 For cash sales received a cheque from M/s Manik and Sons for 1000 and deposited into the Bank A/c immediately.
- 23 Cheque received from M/s Manik and Sons was dishonoured.
- 25 Paid salary by cheque ₹ 600.
- 30 Purchased Govt. securities of ₹ 1,600 @ 98%.

5. Anabia & Sons Ltd., Kerala purchased Machinery from Germany on 1-4-2016. The purchase price of the machinery was ₹ 13,00,000. Anabia & Sons Ltd. paid import duty of ₹ 1,20,000 on the machinery on 7-4-2016 on 10-4-2016 the machinery was installed in the factory by spending ₹ 80,000 for the same. The estimated life of the machinery is 10 years and its scrap value is nil. The company follows fixed instalment method for depreciating the machinery and provides depreciation at 15% p.a. on the original value of the machinery. Anabia & Sons Ltd. closes its books on 31st March every year. Show Machinery Account and Depreciation Account in the books of Anabia & Sons. Ltd. for first four years.

*Or*

On 31st December, 2015 Bank column of cash-book of Dr. Quadratullah showed a balance of ₹ 20,000. From the following particulars prepare a Bank Reconciliation Statement showing the position as per pass-book on 31st December, 2015. [18]

- (i) Cheques paid into the bank but not credited before 31st December, 2015 amounted to ₹ 21,000.
- (ii) Purchases of shares from Tata Motors Ltd. of ₹ 4,000 by the bank appeared in the pass-book only.
- (iii) Direct deposit by the customers into the bank ₹ 3,300 was recorded in the pass-book only.
- (iv) Cheques issued on 29th December, 2015 and presented for payment on 5th January, 2016 amounted to ₹ 8,000.
- (v) Bank charges of ₹ 100 and interest on investment of ₹ 1,800 were recorded only in the bank pass-book.