



**PBO-161100010106** Seat No. \_\_\_\_\_

**B. B. A. (Sem. I) (CBCS) Examination**

**November / December - 2018**

**Principles and Practice of Accounting**

*(New Course)*

Time :  $2\frac{1}{2}$  Hours]

[Total Marks : 70

- Instructions :** (1) Show all the working notes as a part of the answer.  
(2) Figures to the right indicate full marks of the question.

- 1 Write short notes on the following : (any **three**) **14**  
(1) Difference between Book-keeping and Accounting.  
(2) Meaning and Scope of Accounting.  
(3) Difference between Cash Transaction and Credit Transaction.  
(4) Role of an Accountant.

**OR**

- 1 Give the meaning of Accounting Concepts. Discuss any **14**  
four Accounting Concepts.
- 2 Record the following transactions in the books of **14**  
Vishnu. (Narration not required)  
2018  
June 1 Started business by bringing in cash Rs. 1,00,000,  
stock of goods of Rs. 10,000 and furniture of  
Rs. 16,000.  
2 Borrowed a loan of Rs. 40,000 from Mrs. Devyani  
at 12% interest.  
3 Opened an account with the bank by depositing  
Rs. 1,00,000.

- 4 Purchased balances, weights and other instruments for Rs. 1,600.
- 5 Purchased a machine for Rs. 10,000 from Reva Ltd. and paid for it through cheque. Paid Rs. 300 as wages in cash for installing the machine.
- 10 Purchased goods of Rs. 20,000 from Satyam Traders at 10% trade discount. Paid Rs. 60 in cash as carriage.
- 11 Paid insurance premium for the shop Rs. 600 and life insurance premium Rs. 400 by cheque.
- 15 Sold goods of Rs. 6,000 to Arun Brothers at 10% trade discount and 10% cash discount if the payment is made within 10 days.
- 17 Arun Brothers made half the payment for the transaction dated 15<sup>th</sup> by crossed cheque.
- 20 Arun Brothers returned goods of Rs. 800 as it was not as per the sample.
- 25 Gave goods of Rs. 400 to an orphanage as charity.
- 26 Distributed goods of Rs. 400 as free samples.

**OR**

- 2** Journalize the following transactions and post them in the ledger of Narayan. (Narration not required) **14**

2018

- Sep. 1 Started business with cash Rs. 3,00,000, furniture Rs. 50,000 and stock of goods Rs. 40,000.
- 5 Goods of Rs. 6,000 sold to Anju by charging 30% profit.
- 8 Opened a bank account and deposited Rs. 2,00,000 in it.
- 10 Goods of Rs. 10,000 purchased at 10% trade discount and 5% cash discount from Pratik. Half the amount paid in cash.
- 16 Goods of Rs. 1,000 were taken away for personal use.
- 18 Purchased by cheque 100 shares of PVR Ltd. @ Rs. 1,300 per share and paid brokerage in cash @ Rs. 1 per share.
- 22 Paid telephone deposit by cheque Rs. 10,000.

- 3** Record the following transactions in the Purchase Book, Sales Book and Returns Books of Shri Varun. **14**

2018

- July 1 Purchased goods from Sarkar on credit Rs. 20,000 at 5% trade discount.
- 2 Cash sales Rs. 10,000.
- 3 Purchased goods from Kartik for cash Rs. 4,000 and on credit Rs. 10,000 on 10% trade discount and 2% cash discount.
- 4 Sold goods worth Rs. 4,000 to Naman for cash.
- 5 Khushwant purchased goods from us Rs. 20,000.
- 6 Invoiced goods worth Rs. 16,000 to Sanghvi after purchasing the same on credit from Salvi for Rs. 12,000.
- 7 Purchased goods from Smith on credit Rs. 10,000 less 10% trade discount.
- 8 Sanghvi returns  $\frac{1}{4}$ <sup>th</sup> of the goods purchased by him. The same were returned to Salvi.
- 9 Invoiced goods worth Rs. 20,000 to Suman on 15 days credit.
- 10 Khushwant returned goods of Rs. 200.

**OR**

- 3** Record the following transactions in three columnar cash book of Shri Ram for the month of August 2018. **14**

2018

- Aug. 1 Cash on hand Rs. 20,000 and Bank Overdraft Rs. 30,000.
- 1 Additional capital brought in the business by selling his personal scooter for Rs. 40,000 and the amount is deposited in the bank.
- 5 Cash sales of Rs. 40,000 at 10% trade discount and 2% cash discount.
- 8 Sold goods to Chirag Rs. 20,000 at 10% trade discount and he gave a crossed cheque for half the amount.

- 10 Withdrew from bank Rs. 10,000 for personal purpose.
- 15 Cheque of Chirag was dishonoured and he gave cash against the cheque.
- 20 Received 3% commission on total sales of Rs. 6,00,000.
- 22 Cash deposited in the bank Rs. 20,000.
- 25 Received a crossed cheque for Rs. 19,400 from Ramesh in full settlement of his account of Rs. 20,000.
- 28 Issued a cheque to Amar for Rs. 15,680 after deducting 2% cash discount.
- 29 Salary paid to Ashwin Rs. 10,000 by cash and rent to landlord by cheque Rs. 16,000.
- 31 Keeping Rs. 2,000 cash on hand, the balance deposited in the bank.

4 On 1-4-2017, Khushwant drew and Jashwant accepted a bill of three months for Rs. 8,000. On 4-4-2017, Khushwant discounted the bill at 15% p.a. and remitted 50% amount so realized to Jashwant. On 1-5-2017, Jashwant drew and Khushwant accepted a bill of four months for Rs. 6,000. On 4-5-2017, Jashwant discounted the bill at 15% p.a. with the bank and remitted 50% amount so realized to Khushwant. Both have agreed to share discount equally. On maturity, Khushwant met his acceptance, but Jashwant dishonoured the bill and Khushwant had to pay it. Khushwant drew and Jashwant accepted a fresh bill of three months for the original bills plus interest at 18% p.a. On 1-10-2017, Jashwant became insolvent and only 50 paise per rupee recovered from him. 14

Pass necessary journal entries in the books of Khushwant.  
Write narration also.

**OR**

4 Bank column of cash book of Shri Manthan showed 14

a balance of Rs. 10,000 on debit side. It differs from the balance shown in pass book. From the following reasons of differences, prepare Bank Reconciliation Statement as on 31-3-2018.

- (1) A cheque of Rs. 4,000 deposited in the bank but not credited by bank by 31-3-2018.
- (2) One of our customers Sujal has directly deposited Rs. 2,000 in our bank account for which we have no information.
- (3) Bank has credited Rs. 240 for interest and debited Rs. 140 for bank charges to our account, which are not recorded in cash book.
- (4) Bank has paid Rs. 1,600 for insurance premium on our behalf for which no information is received from the bank.
- (5) A bill earlier discounted with the bank is dishonoured and bank has debited Rs. 6,060 along with noting charges. This is not recorded in cash book.
- (6) Dividend on shares of Rs. 1,440 is collected by bank on our behalf. Manthan is unaware of this transaction.
- (7) While carrying forward the balance, payment side total was overcast by Rs. 3,000.
- (8) A cheque of Rs. 3,800 was deposited into bank, but was not entered in cash book.
- (9) Cheque of Rs. 3,600 was issued to Jay but was entered as Rs. 1,600 in cash book.

- 5 Following is the Trial Balance of Lakdawala Bros. as 14  
on 31-3-2018. Prepare final accounts after taking into  
consideration the adjustments given below :

**Trial Balance as on 31-3-2018**

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	9,000	Sales	1,96,000
Purchases	1,18,000	Capital	1,52,000
Opening stock	5,400	Purchase returns	2,000
Customers	67,400	Provident Fund	20,000
Legal expenses	1,600	Rent	2,880
Furniture	24,000	Commission	4,800
Sales returns	1,800	Goods stolen	1,000
Bad debts	2,400	Suppliers	34,000
Mahajan ligo	1,200	Borrowed loan	50,000
Investments	8,000	Bad debts reserve	3,880
Insurance Premium	1,760		
Loss due to theft	1,000		
Machinery	20,000		
Carriage Inward	1,000		
Cash Balance	6,600		
Commission to salesman	1,200		
Salary	22,000		
Contribution to P.F.	2,200		
Advertisement Expenses	12,000		
Motor Car	1,60,000		
	<b>4,66,560</b>		<b>4,66,560</b>

**Adjustments :**

- (1) Closing stock is of Rs. 32,000, out of which stock of Rs. 22,000 has 20% less market price.
- (2) Motor car is to be depreciated by 5% and 10% depreciation is required on machinery.
- (3) Salary for the month of March 2018 is outstanding and commission of Rs. 500 is due but not received yet.
- (4) Capital of Rs. 32,000 was brought in on 1-1-18. Interest is to be calculated at 10% on capital and Rs. 1,200 are to be charged on drawings.
- (5) 50% of advertisement expenses are to be carried forward to the next year.
- (6) Credit sales of Rs. 23,800 are not recorded yet.
- (7) Rs. 1,200 are to be written off as bad debts from debtors, while provision for doubtful debts is to be maintained at 5% on debtors.

**OR**

**5** Trial balance of Neeta does not tally and a difference **14** of 6,540 is credited to Suspense A/c. The following errors are detected after final accounts are prepared. Pass rectification entries for these errors (with narration) and also prepare Suspense A/c.

- (1) Total of sales returns book is undercast by Rs. 540.
- (2) Rs. 900 received from Kapilaben which was previously written off as bad debts. This amount is credited to her personal account.
- (3) A cheque of Rs. 5,820 is received from Jyoti and is posted in her account on debit side as Rs. 4,380.
- (4) Life Insurance premium of Rs. 7,200 is debited to insurance premium account.

- (5) Purchase of machine of Rs. 15,000 is recorded in purchase book.
- (6) Advance salary of Rs. 6,000 paid to Rita is debited to salary account.
- (7) Opening balance of Rs. 1,500 of a debtor Hansa is written off in her account on credit side.
- (8) Cash sales of Rs. 3,340 is posted in sales account as Rs. 3,520.
- (9) Rs. 2,220 received from Megha is credited in her account as Rs. 2,160.
- (10) Bank charges of Rs. 90 are left unrecorded.

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