

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. What are basic accounting concepts?
2. Define the term Journal.
3. What is Trial Balance?
4. What do you understand by Final Accounts?
5. Explain the meaning of Non trading concern.
6. Define the term partnership firm.
7. How will you deal with the amount payable to an outgoing partner?
8. Why depreciations is provided on fixed assets?
9. List out the different methods of depreciation.
10. How will ascertain the loss of stock in insurance claim?
11. Distinguish between Single entry and Double entry system.
12. What are the features of Single entry system?

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SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Journalise the following transactions.

2016

- April 1 Started Business with a capital of Rs. 5,000
- 3 Purchased goods from Mr. Guru Rs. 1,500
- 5 Sold goods to Mr. Kamal Rs. 500
- 7 Cash sales Rs. 1,300
- 8 Purchased Furniture for Rs. 1,000
- 9 Received Interest Rs. 50
- 11 Withdrew cash from bank for personal use Rs. 200
- 15 Deposited cash into bank Rs. 2,000

14. From the following information ascertain gross profit and net profit.

	Rs.		Rs.
Stock at beginning	2,400	Carriage in	524
Purchases	15,205	Manufacturing wages paid	2,800
Sales	20,860	Manufacturing wages owing	96
Closing stock	3,840	Loss due to fire	1,000
Return outwards	185	Indirect expenses	200
Return inwards	860		

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Accounting

15. In 2015, the subscriptions received by Andhra club of Hyderabad were Rs. 19,500 which include Rs. 4,300 for 2014 and Rs. 600 for 2016. At the end of 2015, the subscriptions outstanding for 2015 were Rs.500. The subscriptions due but not received at the end of previous year i.e. on 31.12.2015 were Rs. 600, while subscriptions received in advance in the same year amounted to Rs. 1,000. Show the amount to be taken to Income and Expenditure Account as subscriptions for the year ended 31.3.2015.

16. X and Y admit Z as a partner for 1/5 the share of profits, Z brings Rs. 20,000 as capital and Rs. 5,000 as his share of goodwill in cash. Goodwill already exists in the books at Rs. 1,000. It is decided that Goodwill should continue to appear in the books. Give entries recording Z's permission.

17. A machine was bought on 1.4.2015 for Rs. 34,000 and Rs. 6,000 was spent on it for repairs. Depreciation was provided at 10% under diminishing balance method on every December. On 30.6.2015 it was sold for Rs. 36,000. Show the machinery account.

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18. A fire occurred in the premises of X Ltd. on 10.10.16. All stocks were destroyed except to the extent of Rs. 6,200. From the following figures, ascertain the loss of stock suffered by the company.

	Rs.
Stock on 1.1.15	40,000
Purchases during 2015	1,45,000
Sales during 2015	2,00,000
Stock on 31.12.2015	25,000
Purchases during 2015 upto the date of fire	1,52,200
Sales during 2016 upto date of fire	1,89,000

19. Capital introduced on 1.1.2015 by X' Rs. 75,000; His financial position after one year was as follows:

	Rs.
Assets	1,20,000
Liabilities	70,000

During the year he has drawn Rs. 2,500 p.m. for domestic expenses and interest on capital and drawings were Rs. 3,000 and Rs. 1,000 respectively. Estimate his profit for the year 2016.

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[P.T.O.]

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. Enter the following transactions in cash book with cash, bank and discount columns.

2015	
Jan 1	Cash in hand Rs. 16,000
3	Opened bank account with Rs. 7,000
Jan 5	Cash Purchases Rs. 10,000
6	Cash sales Rs. 13,000
14	Withdrew cash for office use Rs. 2,000
20	Sold goods to Sundar Rs. 9,000
25	Cash received from Sundar Rs. 8,800 in full settlement.
28	Paid salaries Rs. 3,000
29	Withdrew Rs. 1,000 from bank for domestic purpose
30	Paid rent Rs. 1,000
31	Paid to Prabu Rs. 3,700 in full settlement against his claim of Rs. 4,000 during 2014.

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B retires and the following revaluations were made :

- (a) The goodwill of the firm is valued at Rs. 37,500.
 (b) Depreciate Plant and Machinery by $7\frac{1}{2}\%$ and stock by 15%.
 (c) A bad debts provision is to be raised against debtors at 5% and a discount reserve against creditors at 2%.

Prepare Revaluation a/c, Partner's Capital Accounts and new balance sheet as on 1st January 2016.

23. Kannan kept his books on single entry system. His position on 31.12.2015 was as follows :
 Cash Rs. 250, Bank Rs. 2,750; Stock Rs. 21,000; Debtors Rs. 7,500; Furniture Rs. 1,750; Machinery Rs. 15,000; Creditors Rs. 18,000.

He introduced new capital of Rs. 5,000 during the year and also withdrew @ Rs. 600 every month.

His position on 31.12.16 was Cash Rs. 300; Bank Rs. 2,200; Debtors Rs. 12,000; Stock Rs. 18,000; Machinery Rs. 25,000; Fixtures & Fittings Rs. 1,575; Creditors Rs. 23,000.

From the above particulars prepare his profit and loss position for the year 31.12.16.

24. Discuss the features of statement of Affairs method and conversion method.

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21. From the following balances as at 31st Dec. 2015 of a trader, prepare trading profit and loss account and a balance sheet.

	Rs.		Rs.
Salaries	11,000	S. Creditors	19,000
Rent	2,600	Sales	64,000
Cash	2,000	Capital	60,000
Debtors	80,000	Loans	20,000
Trade expenses	1,200		
Purchases	50,000		
Advances	5,000		
Bank balance	11,200		
	<u>1,63,000</u>		<u>1,63,000</u>

Adjustments :

- (i) The closing stock Rs. 18,000.
 (ii) One month's salary is in arrear.
 (iii) One month's rent has been paid in advance.
 (iv) Provide 10% for doubtful debts.

22. A and B are partners sharing profit and losses in their ratio of 3 : 2. Their balance sheet is as under :

Liabilities	Rs.	Assets	Rs.
Capital a/cs : A	30,000	Plant and Machinery	30,000
B	22,500	Stocks	24,000
Reserve	22,500	Debtors	22,500
Sundry creditors	11,250	Bank	9,000
		Cash in hand	750
	<u>86,250</u>		<u>86,250</u>

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