

Roll No.

BBA-105(O)

B.B.A. (Semester First) Exam. -2011

Paper : Fifth

Principles of Accountancy

Time: Three Hours]

[Maximum Marks: 75

Note: Attempt any five questions. Each question carries 15 marks. (15x5=75)

1. "Accounting concept are based on financial Accounting"? Explain the above statement.
2. "There are certain errors which cannot be disclosed by trial Balance". Discuss the statement.
3. The trial balance extracted from the books of Ranjeet on 31st March, 2010 did not agree the difference was transferred to the Capital Account. During the next year following errors were discovered :
 - (i) Total of Purchase Book was overcast by Rs. 520.
 - (ii) Total of Purchase Return Book was undercost by Rs. 450.
 - (iii) Goods of Rs. 350 was returned by Ravi were not recorded in the books at all.
 - (iv) Rs. 960 spent on repairs was debited to furniture Account.

- (v) Cash received Rs. 7300 was debited in sale ledger to the account of Illahi Bux instead of Maulana Bux.
- (vi) The total of Discount Column in cash book on the debit side was 538 on one page but was carried forward to next page as Rs. 835.

4. What is meant by Bank Reconciliation statement? Why and in what manner is it prepared?

5. On 31st March 2008 overdraft as per Pass Book was Rs.2200. On comparing Pass Book with the Bank account in the ledger, following difference were found.

- (i) Cheques of Rs.2000 and Rs. 3000 which were sent to bank earlier have not been collected till 31st March 2008.
- (ii) Bank has charged Rs. 110 as interest on overdraft.
- (iii) Cheques worth Rs. 2100 issued earlier have not been presented for payment till 31st March 2008.
- (iv) Rs. 500 realised by Bank as interest on securities credited in the Pass Book but has not been recorded in Bank A/c.

(v) Bank paid Rs. 700 on behalf of the customer by way of insurance premium, but this has not been recorded in the Bank A/c Prepare Bank Reconciliation Statement and give necessary journal entries.

6. What do you understand by Valuation of stock? Explain with suitable examples the following methods of pricing of issue of materials.

(i) FIFO (first in first out)

(ii) LIFO (Last in first out)

7. On 1st July, 2007, Anjna draws a bill on Ranjan for Rs. 10,000 payable 3 months for goods sold of the same amount, Anjna gets the bill discounted with her Bank on 4th August at a discount of 9% pa. on due date Bank Returned the bill as dishonored with noting charges of Rs. 50.

Ranjan paid Rs. 2050 in cash and required to draw another bill on him for the balance amount for 2 months with interest @12% p.a. which Anjna did before due date Ranjan become instalment and his estate paid 40% as first and final instalment. Give Journal entries in the books of Anjan.

8. What is the meaning of depreciation? When does it arise? How is it calculated? Why is it necessary to make its provision from profits?

9. A company whose accounting year is the Financial year, purchased on 1st July, 2004, a machinery costing Rs. 45000. It purchased further machinery on 1st January, 2005, costing Rs. 30,000 and on 1st October, 2005, costing Rs. 15000. On 1st April, 2006 one-third of the machinery which was installed on 1st July, 2004 became obsolete and it was sold for Rs. 5000.

Show how the machinery account would appear in the books of the company, it being given that the machinery was depreciated by the fixed instalment method at 10% per annum. What will be the balance in Machinery Account on 1st April 2007?

10. What is balance sheet and when is it prepared? What are the objects of preparing a Balance sheet by a Businessman? How does it differ from trial Balance?