

[6812] Seat No.: \_\_\_\_\_

No. of Printed Pages : 3

**SARDAR PATEL UNIVERSITY**

F.Y.B.B.A. (HM/TTM) Examination, Semester – I

Monday, 21<sup>st</sup> November 2016, Time: 10:00 AM TO 12:00 O'clock**PRINCIPLES AND PRACTICES OF ACCOUNTING :UM01CBBH11 / T11****Note: Figures in the bracket to the right indicates marks.****Total Marks: 60**

- Q-1 (A) Define Accounting and explain the objectives of accounting. (08)  
 (B) Discuss the scope of Accounting. (07)

**OR**

- Q-1 (A) Explain the types of account and their rules for debit and credit. (08)  
 (B) Explain following Accounting concept: (07)

- (1) Money Measurement Concept  
 (2) Duality Aspect Concept

- Q-2 (A) Write note on: Sales book (05)  
 (B) Journalize the following transactions in the Books of Maharaja for the month of July 2016. (10)

July 2016	Transactions
1 <sup>st</sup> July	Bring Cash Rs. 2,50,000; Machinery Rs. 1,00,000; Furniture worth Rs. 1,00,000 and Stock of goods worth Rs.1,50,000.
3 <sup>rd</sup> July	Deposited Rs. 80,000 in a bank.
5 <sup>th</sup> July	Purchased goods of Rs. 50,000 with 5% Trade Discount and 2% Cash Discount and the whole amount is paid in cash.
9 <sup>th</sup> July	Sold goods of Rs. 40,000 with 10% Trade Discount to Mahesh.
12 <sup>th</sup> July	Received cheque from Mahesh for Rs. 36,000.
14 <sup>th</sup> July	Purchased goods of Rs. 1,00,000 from Rani.
20 <sup>th</sup> July	Sold goods Rs. 70,000 for cash.
25 <sup>th</sup> July	Paid Salary Rs. 20,000
26 <sup>th</sup> July	Paid wages Rs. 500 and rent Rs. 700.
29 <sup>th</sup> July	Paid Rs. 98,000 to Rani and settled the account.
30 <sup>th</sup> July	Received interest from Bank Rs. 500.

**OR**

- Q-2 Following are the transaction of Amar for the month of August 2016. Journalize it (15)  
 in the books of Amar, post it in to ledgers and prepare trial balance.

- 4/8/2016 Started business with Rs. 250,000 cash and Rs. 150,000 Bank balance.  
 5/8/2016 Purchased goods of Rs. 200,000 with 5% Trade Discount from Kanta  
 8/8/2016 Sold goods of Rs.40,000 with 10% trade discount and 5% cash discount.  
 14/8/2016 Purchased goods of Rs. 70,000 and paid cash.  
 20/8/2016 Purchased Machine of Rs. 10,000 and paid by cheque.  
 22/8/2016 Sold goods of Rs. 50000 to Lata  
 24/8/2016 Paid local taxes Rs. 1200  
 29/8/2016 Received commission Rs. 1000

- Q-3 (A) Discuss the objectives of charging depreciation. (05)

- (B) Kamal & Brothers purchased a Machinery for Rs.3,00,000 on 1<sup>st</sup> July 2012 and paid Rs. 10,000 as installation charges. The useful life of asset is estimated to be 5 years and expected scrap value is zero. The firm use Straight Line Method for charging depreciation. After using for three years it was sold for Rs.1,00,000 on 31.3.2015. Pass the journal entries; prepare Machinery account and Depreciation account. Accounts are closed 31<sup>st</sup> March every year. (10)

OR

- Q-3 (A) Explain Straight Line Method and Written Down Value method of depreciation method. (08)

- (B) A Company purchased Machinery of Rs.5,00,000 on 1<sup>st</sup> April 2013. It is depreciated at 10% per annum on Written Down Value method. The accounting year ends on 31<sup>st</sup> March of every year. Pass necessary Journal entries for three years and show how this machinery will appear in Balance Sheet on 31<sup>st</sup> March 2016. (07)

- Q-4 Mr. Senthil's book shows the following balances. Prepare his Trading and Profit and Loss account for the year ended 31<sup>st</sup> March 2016 and Balance Sheet as on that date. (15)

Debit Balances	Rs.	Credit Balances	Rs.
Stock (1-4-2015)	1,50,000	Purchase returns	20,000
Purchases	1,50,000	Sales	3,20,000
Sales returns	20,000	Sundry Creditors	20,000
Carriage inwards	2,000	Capital	2,50,000
Salaries	10,000	10% Loan Account	25,000
Printing and Stationery	8,000	Bank Overdraft	5,000
Drawings	17,000		
Sundry debtors	1,80,000		
Furniture	10,000		
Postage & Telephone	7,500		
Commission paid	4,000		
Machinery	41,500		
Land and Building	40,000		
	<b>6,40,000</b>		<b>6,40,000</b>

**Adjustments:**

1. Closing Stock Rs.1,20,000
2. Provide 5% for Bad debt reserves on debtors
3. Depreciate machinery & furniture by 5% and Land and Building by 10%.
4. Interest on loan is outstanding for one year.
5. Prepaid printing charges Rs.2,000

OR

Q-4

The following are the balances extracted from the books of MKV Limited as on 31<sup>st</sup> March, 2016. (15)

Debit Balances	Rs.	Credit Balances	Rs.
Stock (1-4-2015)	4,00,000	Equity Share Capital	10,00,000
Plant and Machinery	1,00,000	8% Debentures	1,00,000
Land and Building	2,90,000	Sales	19,00,000
Furniture and Fittings	5,20,000	Purchase return	10,000
Purchase	13,76,000	Discount received	8,000
Wages	40,000	Commission	15,000
Carriage inward	22,500	Bills payables	7,000
Sales return	18,500	Creditors	40,000
Discount	2,000		
Salary	75,000		
Advertisement expenses	12,500		
Rent and taxes	10,000		
General expenses	7,500		
Stationery and printing	10,500		
Cash on hand	500		
Bills receivables	10,000		
Debtors	1,00,000		
Bank Balance	85,000		
	<b>30,80,000</b>		<b>30,80,000</b>

Additional:

- 1) Closing stock as on 31<sup>st</sup> March 2016 Rs. 3,00,000.
- 2) Provide depreciation as under; Land and Building 10%, Furniture and Fittings 5% and 20% on Plant and Machinery
- 3) Interest on debenture is outstanding for one year.
- 4) Provide 10% for Bad debt reserve.
- 5) Transfer Rs. 2,000 to general reserve and Rs.10000 for Income tax provision.
- 6) Company has declared 10% dividend on equity shares.

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