

# Indian Maritime University

(A Central University, Govt. of India)

**End Semester Examinations – December 2022**

**Programme Name: BBA (LRE)**

**Semester : 1**

**Subject Code: UG31T3103**

**Subject: Fundamentals of Accounting**

---

Date: 27.12.2022

Duration: 03 Hrs

Max Marks: 70

Pass Marks: 35

---

## **Part A – 10 MCQs (10 X 01 Mark)**

1. \_\_\_ is the art of recording, classifying, and summarizing in a significant manner, and in terms of money transactions and events which are in part at least, of a financial character and interpreting the results thereof.  
(A) Journal Entry  
(B) Ledger  
(C) Accounting  
(D) None
2. The \_\_\_ implies that a business unit is separate and distinct from the person who owns or controls it  
(A) Money measurement  
(B) Business Entity  
(C) Going Concerned  
(D) None
3. Financial accountancy is governed by \_\_\_\_\_  
(A) Local or Regional Standard  
(B) International Standard  
(C) Local and International Standard  
(D) GAAP
4. The conventions, concepts, rules, and procedures that make up accepted accounting practice in India is called \_\_\_\_  
a) AICPA  
b) GAAP  
c) Accounting Standards  
d) None of the above
5. Which one of the following statements is not appropriate for 'Provision.'

- (A) Provision is a charged against profit
  - (B) Provision is created for known liability
  - (C) Provision is created for strengthening the financial position of the business.
  - (D) Creation of provision satisfies the principle of conservatism
- 6.** In The assets that can be easily converted into cash within a short period, i.e., 1 year or less are known as
- (A) Current assets
  - (B) Fixed assets
  - (C) Intangible assets
  - (D) Investments
- 7.** Operating At the balance sheet date, the balance on the Accumulated Provision for Depreciation Account is
- (A) Deducted from the asset in the Balance Sheet
  - (B) Transferred to Profit and Loss Account
  - (C) Transferred to the Asset Account
  - (D) Transferred to Depreciation Account
- 8.** When a petty cash book is kept there will be
- (A) No entries made at all in the general ledger for items paid by petty cash
  - (B) The same number of entries in the general ledger
  - (C) Fewer entries made in the general ledger
  - (D) More entries made in the general ledger
- 9.** If a trial balance totals do not agree, the difference must be entered in
- (A) Profit and Loss Account
  - (B) Nominal Account
  - (C) Capital Account
  - (D) Suspense Account
- 10.** A trader has made a sale of Rs.75,500 out of which cash sales amounted to Rs.25,500. He showed trade receivables on 31-3-2014 at Rs.25,500. Which concept is followed by him?
- (A) Going Concern
  - (B) Cost
  - (C) Accrual
  - (D) Money Measurement

**Part B – 5 Short Questions (05 X 02 Marks)**

- 11.**List any two functions of accounting.

**12.** Write the role of GAAP.

**13.** Journalize the following transactions:

- (a) Cash Sales Rs. 1,200
- (b) Received Cash from Raj Rs. 600

**14.** Record the following transactions for the month of January 2020 in the purchase book of M/s Narain Electronics:

- Jan 4 - Purchased from M/s White Electronics:  
30 Black & White TVs @ Rs. 6,200 per piece,  
20 Colour TVs @ Rs. 14,000 per piece  
Trade Discount on all items @ 7%

**15.** Prepare Suspense Account for the following transactions:

- (a) The day book is totalled Rs. 100 short
- (b) Payment of trade expenses Rs. 575 entered on the payment side of the cash book is omitted to be posted

**Part C – 7 Long Questions-Answer Any 5 (05 X 10 Marks)**

**16.** Journalise the following transactions of M/s. Karthika & Sons 2020

- Jan 1: Business started with Rs. 3,50,000
- Jan 1: Cash deposited with bank Rs. 2,50,000
- Jan 3: Purchased machinery on credit from Rangan Rs. 60,000
- Jan 6: Bought furniture from Ramesh for cash Rs. 35,000
- Jan 12: Goods sold to Yesodha Rs. 32,500
- Jan 13: Goods returned by Yesodha Rs. 3,500
- Jan 15: Goods sold for Cash Rs. 60,000
- Jan 17: Bought goods for cash Rs. 35,000
- Jan 20: Cash received from Yesodha Rs. 20,000
- Jan 21: Cash paid to Ramola Rs. 30,000

**17.** Prepare Trial Balance from the following:

<b>Particulars</b>	<b>Rs.</b>
Capital	9,000
Plant and Machinery	12,000
Purchases	8,000
Sales	12,000
Sundry Creditors	8,000
Bank Loan	22,000
Rent Outstanding	1,000
Opening Stock	2,000
Sales Returns	4,000
Investments	14,000
Debtors	12,000

**18.** Good Luck Ltd. Opened a branch on 01-01-2021 at Kolkata. The following information is given below:

<b>Particulars</b>	<b>Rs.</b>
Stock on 1.1.21	11,200
Branch Debtors on 1.1.21	6,300
Goods sent to branch	51,000
<b>Cash sent to branch for:</b>	
Rent	1,500
Salaries	3,000
Petty Cash	500
<b>Sales at branch:</b>	
Cash Sales	25,000
Credit Sales	39,000
Cash received from Debtors	41,200
Stock on 31.12.21	13,600

Prepare Branch Account for the year 2021.

**19.** The Cash Book of Anu showed a balance of Rs. 2,500 on 23<sup>rd</sup> September 1993. This does not agree with the pass book. From the following particulars ascertain the balance as per pass book.

- (i) Cheque paid in but not cleared by bank before 23-9-1993 – Rs. 500
- (ii) Cheque issued in favour of customers but not presented prior to 23-9-1993 – Rs. 675
- (iii) Commission charged by bank but not entered in cash book – Rs. 25
- (iv) Interest on government securities collected and credited by bank not yet entered in Cash book – Rs. 400
- (v) No record has been made in the cash book relating to a dishonour of a cheque of Rs. 50

**20.** From the following Trial balance as at 31<sup>st</sup> December 2020 of a Trader, prepare Trading and P & L A/C for the year 2020 and a Balance sheet as on that date:

<b>Debit</b>	<b>Credit</b>
Purchases – Rs. 15,000	Capital – Rs. 40,000
Salaries – Rs. 2,000	Sales – Rs. 25,000
Rent – Rs. 1,500	Creditors – Rs. 1,000
Insurance – Rs. 300	
Drawings – Rs. 5,000	

Machinery – Rs. 28,000 Bank Balance – Rs. 4,500 Cash – Rs. 2,000 Stock (1-1-2020) – Rs. 5,200 Debtors – Rs. 2,500	
---	--

**Adjustments:**

- (a) Stock (31-12-2020) - Rs. 4,900
- (b) Salaries Unpaid - Rs. 300
- (c) Rent paid in advance - Rs. 200
- (d) Insurance prepaid - Rs. 90

**21.** Explain the Accounting Concepts.

**22.** Differentiate Straight line and written down value method in Depreciation.