

Name :

Roll No. :

Invigilator's Signature :

CS/BHMCT/SEM-4/HM-405/2012

2012

BASIC ACCOUNTING

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP - A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

$10 \times 1 = 10$

- i) An office building is a
 - a) Fixed Assets
 - b) Current assets
 - c) Non-depreciable asset
 - d) Fictitious asset.
- ii) Real Accounts are related to
 - a) assets
 - b) losses
 - c) expenses
 - d) intangibles.



- iii) What comes in is debited and what goes out is credited is related to ?
- a) Personal Accounts
 - b) Nominal Accounts
 - c) Real Accounts
 - d) Capital Accounts.
- iv) Which of the following equations is correct ?
- a) $\text{Assets} = \text{Liabilities} - \text{Capital}$
 - b) $\text{Capital} = \text{Assets} + \text{Liabilities}$
 - c) $\text{Assets} = \text{Liability} + \text{Capital}$
 - d) All of these.
- v) An example of current liability is
- a) advance income
 - b) outstanding expenses
 - c) bank overdraft
 - d) all of these.
- vi) Depreciation is debited to
- a) P & L A/c
 - b) Trading A/c
 - c) Balance Sheet
 - d) Cash flow statement.
- vii) Cash Book is a
- a) Ledger Account
 - b) Subsidiary Book
 - c) Journal as well as ledger
 - d) Statement.



- viii) Valuation of stock ascertained on
- a) cost price
 - b) market price
 - c) cost price or market price whichever is lower
 - d) indexed price (inflation adjusted).
- ix) Ledger is a book of
- a) original entry
 - b) secondary entry
 - c) all cash and credit entries
 - d) real time entries.
- x) The same accounting methods and principles should remain consistent from one year to another year is related to
- a) matching concept
 - b) prudence concept
 - c) consistency concept
 - d) conservatism concept.
- xi) Unexpired Insurance should be classified as
- a) current assets b) current liabilities
 - c) fixed assets d) contingent assets.
- xii) Which of the following is the example of personal account ?
- a) Machinery b) Rent
 - c) Cash d) Creditors.

**GROUP - B****(Short Answer Type Questions)**Answer any *three* of the following. $3 \times 5 = 15$

2. Define the accrual basis concept of Accounting.
3. State the rules for inventory valuation.
4. Distinguish between Single Entry and Double Entry system of accounting..
5. The following Trial Balance has been drafted wrongly. Rectify and redraft the trial balance :

	Dr. (Rs.)	Cr. (Rs.)
Land & Building	—	1,00,000
Capital	2,00,000	—
Cash in Hand	—	50,000
Drawings	—	10,000
Bills Receivable	—	10,000
Bills Payable	5,000	—
Creditors	—	20,000
Debtors	30,000	—
Commission paid	—	2,000
Interest Received	1,000	—
Plant & Machinery	50,000	—
Opening stock	—	10,000
Closing stock	5,000	—
Purchase	—	1,00,000
Sales	1,56,000	—
Salaries & Wages	20,000	—
	<hr/> 4,67,000	<hr/> 3,02,000

6. Distinguish between Cash discount and Trade discount.



GROUP - C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. Journalize the following transactions in the books of ABC Enterprises in proper format for the year 2012.

March, 1 Started business with cash Rs. 25,000 and Furniture Rs. 15,000

March, 2 Opened a State Bank Account with Rs. 3,000

March, 4 Goods purchased from Sajal of Rs. 10,000

March, 6 Paid to Sajal Rs. 9,200 with a cash discount Rs. 800

March, 10 Wages and salaries paid by cheque Rs. 3,000

March, 15 Furniture sold in cash Rs. 8,000

March, 17 Interest received from Bank Rs. 84

March, 20 Proprietor withdrew cash from business for personal use of Rs. 1,500

March, 24 Interest paid on personal loan Rs. 600 by cheque

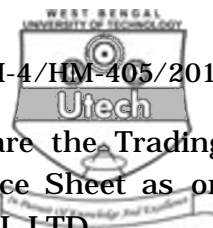
March, 26 Goods sold on credit Rs. 7,000

March, 31 Withdrew cash from bank for office use Rs. 12,000.

8. What do you mean by MIS ? What kind of MIS systems may be derived from the accounting functions in case of a five star hotel in the following activities ?
- a) Room rent
 - b) Restaurant
 - c) Banquet halls



- d) Car park
 - e) House keeping
 - f) Kitchen
 - g) Store
 - h) Travel desk.
9. a) What do you mean by depreciation ? How is it different from amortization ?
- b) A hotel had several gym-equipments in its beach resort in Goa. The total value of it was amounting to Rs. 2,75,000. It was depreciated for 2 years @ 20% per annum on WDV method.
- The company repaired the machines by spending Rs. 27,000. This enabled the hotel to extend the life of the machines by 3 years.
- They shifted the equipments from Goa to their new resort in Porbandar.
- Highlight on the depreciation policy of the hotel.
- c) Differentiate between Depreciation reserve and provisions for depreciation. 3 + 6 + 6
10. Write notes on any *three* of the following : 3 × 5
- a) Journal Proper
 - b) Computer in Accounting
 - c) Entity and going concern concept
 - d) Compensating errors
 - e) Purchase day book
 - f) Reserve & Provision



11. a) From the following Trial Balance prepare the Trading A/C, the Profit & Loss A/c and Balance Sheet as on that date 31. 12. 2011 of SUPER HOTEL LTD.

Trial Balance as at 31. 12. 2011

Dr.		Cr.	
Particulars	Amounts (Rs.)	Particulars	Amount (Rs.)
Cash	12,000	Capital	10,00,000
Purchases	12,00,000	Bills payable	2,20,000
Opening stock	3,50,000	Creditors	2,40,000
Customer due	5,00,000	Sales	20,02,000
Plants	6,00,000	Discount received	10,000
Furniture	1,50,000		
Bills receivable	2,00,000		
Rent & Taxes	1,00,000		
Wages	1,60,000		
Salaries	2,00,000		
TOTAL	34,72,000	TOTAL	34,72,000

Additional information :

- i) Closing Stock Rs. 40,000
 - ii) Prepaid wages Rs. 1,000
 - iii) Outstanding rent Rs. 2,000
 - iv) Depreciation of Plants @ 10%.
- b) The hotel sells its water treatment plant at Rs. 11,60,000 ; takes a bank loan of Rs. 50,00,000 and introduces fresh capital of 30,00,000 to buy a new beach hotel costing Rs. 38,50,000. Recast the Balance Sheet accordingly.

10 + 5