



Name :

Roll No. :

Invigilator's Signature :

CS/BTTM/SEM-2/TTM-206/2010

2010

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 × 1 = 10

i) The correct accounting equation is

a) Assets + Liabilities = Capital

b) Capital + Assets = Liabilities

c) Assets – Liabilities = Capital

d) Assets + Liabilities + Capital = 0.

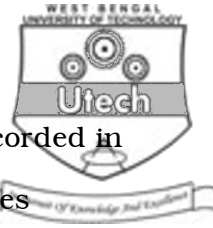
ii) The nature of Capital is

a) an asset

b) a liability

c) an income

d) an expense.



- iii) Each and every transaction has to be recorded in
- a) one side
 - b) two sides
 - c) three sides
 - d) the cash book.
- iv) Suspense Account appears in
- a) Cash Book
 - b) P/L Account
 - c) Balance Sheet
 - d) Trial Balance.
- v) Drawings are actually
- a) reduction of capital
 - b) reduction of expense
 - c) increase of capital
 - d) none of these.
- vi) Prime cost is the sum total of
- a) Direct material, Direct labour and Direct expenses
 - b) Direct material, Indirect labour
 - c) Indirect Material, Indirect labour and Direct expenses
 - d) none of these.
- vii) Depreciation is charged on
- a) Wasting assets
 - b) Fixed assets
 - c) Inventories
 - d) Current assets.
- viii) Ledger is the book of
- a) Secondary entry
 - b) Final entry
 - c) Primary entry
 - d) Statutory entry.



- ix) Petty cash book is maintained for recording
- a) Cash expenses
 - b) Personal expenses
 - c) Small expenses
 - d) Cash sales.
- x) In a tender, 'Works cost' means
- a) Prime cost
 - b) Overhead cost
 - c) Prime cost and factory overhead
 - d) Factory overhead and administrative overhead.
- xi) Insurance prepaid is shown as
- a) Asset
 - b) Liability
 - c) Loss
 - d) Income.
- xii) Revenue is the inflow of
- a) Cash
 - b) Assets
 - c) Liabilities
 - d) Credit.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Distinguish between income and expenditure.
3. Distinguish between a journal and a ledger.
4. Discuss the importance and limitations of the financial statements.
5. Distinguish between normal and abnormal loss in process costing.
6. Briefly narrate the importance of contribution in break-even point analysis.

**GROUP – C****(Long Answer Type Questions)**Answer any *three* of the following. $3 \times 15 = 45$

7. From the following Trial Balance, prepare the Trading A/c and Profit & Loss A/c for the year ended 31st December, 2009 and also prepare the Balance Sheet as on that date :

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	10,000	Capital	1,20,000
Advertisement	4,000	Creditors	45,000
Debtors	60,000	Purchase return	2,000
Rent	20,000	Loan	80,000
General expenses	6,000	Sales	2,50,000
Sales return	2,500	Reserves	33,500
Insurance premium	3,000		
Machinery	80,000		
Wages	25,000		
Purchases	1,10,000		
Salaries	19,000		
Cash in hand	300		
Land & Buildings	80,000		
Electric charges	2,400		
Furniture	16,000		
Opening stock	28,000		
Telephone charges	2,400		
Cash at bank	59,800		
Discount	900		
Bad debts	1,200		
	5,30,500		5,30,500



The following adjustment entries are to be taken into account :

- i) Closing stock valued Rs. 30,000
 - ii) Outstanding liabilities for : wages Rs. 5,000 and rent Rs. 3,000
 - iii) Depreciation @10% per annum on machinery, @5% p.a. on land & building, @20% p.a. on furniture is to provided.
 - iv) Bad Debt is to be written off Rs. 1,000, provision for doubtful debts is to be maintained @5% on debtors.
8. a) In a theme park three swimming pools are there. The water is mixed with minerals, fragrances and air bubbles in three different mixing chambers. Do you think that the theme park management should consider implementing process costing technique ? Give your answer logically.
- b) Prepare process accounts showing total cost and cost per unit from the following information :

Product passes through two distinct processes to completion. These processes are process-1 & process-2. During the month ended 31st January, 2010 following units are produced.

	Process-1	Process-2
Materials	60,000	30,000
Labour	50,000	40,000
Direct expenses	10,000	2,000

The indirect expenses for the period were Rs. 9,000 apportioned to the processes on the basis of labour cost.

7 + 8

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9. Prepare a Trial Balance of X and Co. as on 31.03.2010 from the following ledger balance creditors :

	Rs.		Rs.
Capital	1,10,000	Sundry creditors	25,000
Stock in trade (1.4.09)	44,000	Sundry debtors	34,300
Purchases	2,48,100	General Expenses	7,980
Sales	2,89,000	Audit fees	640
Return Inward	10,600	Loan taken	20,000
		Interest paid on Loan	900
Return Outward	8,000	Insurance	720
Freight and carriage	16,000		
Salary & Wages	15,600	Travelling Exp.	2,310
Income from Investment	850	Printing & Advertisement	4,000
Investment	5,000	Cash in hand	770
Discount received	2,380	10% Fixed Deposit with bank	10,000
Bank	7,000	Drawings	12,000
Discount allowed	3,910	Stock-in trade (31.3.2010)	29,000
Furniture	30,600		

10. Following are the figures of ABC Company :

Year	Sales	Profit
2008-2009	60,000	4,000
2009-2010	75,000	7,000

Calculate :

- P/V Ratio
- Fixed Cost for 2008-2009 and 2009-2010
- Break-even point
- Margin of Safety
- Profit when sales are Rs. 90,000
- Sales required to earn a profit of Rs. 6,000.

2 + 4 + 2 + 3 + 2 + 2



11. Journalize the following transactions and post them into ledger account and balance them :

2010

March, 01	Started business with cash	Rs.	15,000
March, 04	Purchased goods for cash	Rs.	10,000
March, 08	Purchased goods from ABC Ltd.	Rs.	12,000
March, 11	Goods returned to ABC Ltd.	Rs.	2,000
March, 13	Salary paid	Rs.	20,000
March, 15	Purchased furniture in cash	Rs.	60,000
March, 18	Sold goods to XYZ Ltd.	Rs.	15,000
March, 20	Goods returned by XYZ Ltd.	Rs.	5,000
March, 22	Cash deposited into SBI	Rs.	10,000
March, 25	Cash paid to ABC Ltd.	Rs.	9,000
			in full settlement
March, 26	Withdrawn cash for personal use	Rs.	2,000
March, 31	Cash received from XYZ Ltd.	Rs.	10,000

12. a) What are the different types of errors not disclosed in Trial Balance ? Explain each of them with the help of suitable examples.

b) Why is cash book called a journalized ledger ? 10 + 5

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