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Total No. of Pages : 03

Total No. of Questions : 07

B.Sc. (IT) (2015 & Onwards) (Sem.-4)

BASIC ACCOUNTING

Subject Code : BSIT-405

Paper ID : [74087]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B contains SIX questions carrying TEN marks each and students have to attempt any FOUR questions.

SECTION-A**1. Write short notes on :**

- a) Principle of conservatism.
- b) Accrual basis of accounting.
- c) Accounting equation.
- d) Special journals.
- e) Deferred revenue expenditure.
- f) Contingent liabilities.
- g) Errors of principles.
- h) Corporate governance.
- i) Mercantile system of accounting.
- j) Permanent vs. temporary working capital.

SECTION-B

2. What are the important factors which need attention while determining income of business today? Discuss the principles behind the timing of revenue recognition.
3. Accountants frequently refer to a procedure as being conservative. Explain what is meant by '*conservative accounting*' procedures. State some of the applications of the concept of conservatism.

4. Prepare Arun's account in the books of Bharat and Bharat's account in the books of Arun for the following transactions between them :

Jan 01 Opening debt of Bharat to Arun Rs. 500.
 Jan 05 Arun sold goods to Bharat Rs. 2,000.
 Jan 10 Bharat returned goods to Arun Rs. 100.
 Jan 12 Arun received cash from Bharat Rs. 700 and allowed Bharat discount Rs 50.
 Jan 15 Bharat sold goods to Arun on account Rs. 1000.
 Jan 20 Arun returned goods to Bharat Rs. 70.
 Jan 24 Bharat paid cash to Arun Rs. 300.
 Jan 31 Arun received cash from Bharat in full settlement Rs. 400.

5. The following balances were extracted from the books of Mr. X as on 31st December, 2015.

Balances	(Rs.)	Balances	(Rs.)
Plant and machinery	18000	Opening stock	34,200
Manufacturing wages	34,500	Motor car	11000
Salaries	15,850	Sales return	3,100
Furniture	9500	Purchases	1,02,000
Freight on purchases	1,860	Bad debts	1,400
Building	24,000	Interest and bank charges	400
Freight on sales	2,140	Cash at bank	4,200
Manufacturing expenses	9,500	Cash in hand	1,120
Insurance and tax	4,250	Capital account	80,000
Goodwill	25,000	Sundry creditors	44,560
General expenses	8,200	Bank loan	15,000
Factory fuel & power	1,280	Purchases returns	1,740
Sundry debtors	78,200	sales	2,50,850
Factory lighting	950	Reserve for bad debts	2,000
Depreciation :			
Furniture			
Motor car	500		
Plant and	1000		
Machinery	2000		

Prepare Trading and Profit and Loss Account for the year ended 31st December, 2015 and the balance sheet as on that date.

6. The following is a summary of a cash book as presented to you for December 2017.

	Rs.		Rs.
Receipts	1,469	Balance brought forward	761
Balance carried forward	554	Payments	1,262
	2,023		2,023

All receipts are banked and payments made by cheque. On investigation you discover:

- Bank charges of Rs. 136 entered on the bank statement had not been entered in cash book.
- Cheques drawn amounting to Rs. 267 had been presented to the bank for payment.
- Cheques received totaling Rs. 762 had been entered in the cash book and paid into the bank, but had not been credited by the bank until January 2018.
- A cheque for Rs. 22 had been entered as a receipt in the cash book instead of as a payment.
- A cheque for Rs. 25 had been debited by the bank in error.
- A cheque received for Rs. 80 had been returned by the bank and marked '*No Funds Available.*' No adjustment had been made in the cash book.
- All dividends receivable are credited directly to the bank account. During December, amounts totaling Rs. 62, were credited by the bank and no entries made in the cash book.
- A cheque drawn for Rs. 6 had been incorrectly entered in the cash book as Rs. 66.
- The balance brought forward should have been Rs. 71.
- The bank statement as on December 31, 2017 showed an overdraft of Rs. 1,162.

You are required to :

- Show the adjustments required in the cash book.
 - Prepare a bank reconciliation statement as on December 31, 2017.
7. What is working capital finance? Briefly explain the different sources of long term capital.