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Total No. of Pages : 03

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B.Sc. (Information Technology) (Sem.-4)

BASIC ACCOUNTING

Subject Code : UGCA-1961

M.Code : 79441

Date of Examination : 30-06-21

Time : 2 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. Attempt any FIVE question(s), each question carries 12 marks.

1. *“GAAP helps govern the world of accounting according to general rules and guidelines. It attempts to standardize and regulate the definitions, assumptions, and methods used in accounting across all industries”*. Do you agree? In the light of the above statement, describe in brief various Generally Accepted Accounting Principles.
2. Give one word or a term used to describe the following :
 - a. The sum total or aggregate of the amounts which the customer owes to the business for purchasing goods on credit or services rendered.
 - b. A person to whom the business owes money or money's worth.
 - c. An expenditure incurred to earn revenue of the current period. The benefits of such expenses get exhausted in the year of the incurrence.
 - d. The discount given in order to encourage prompt payment by the debtor.
 - e. The concept which explains that the business is distinct from the proprietor. Thus, the transactions of business only are to be recorded in the books of business.
 - f. The concept which assumes that the business has a perpetual succession or continued existence.
 - g. The concept which assumes that only those transactions which are expressed in monetary terms are to be recorded in accounting books.
 - h. The concept which states that one has to be careful in recognizing revenue and expenses for a particular accounting period.

3. Classify the following into Personal, Real or Nominal accounts :

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|-------------------------|----------------------|
| a. Land Building | b. Purchases Returns |
| c. Inventory | d. Axis Bank Ltd. |
| e. Indian Hotels Ltd. | f. Prepaid Insurance |
| g. Plant and Machinery | h. Carriage Outward |
| i. Capital | j. Bills Receivables |
| k. Patent and Trademark | l. Return Inward. |

4. Journalize the following transactions in the books of Kesh Nath for May 2021:

May 1: Kesh Nath started business with Rs.5,00,000 of which 25% amount was borrowed from wife.

May 4: Purchased goods from Anil worth Rs.20,000 at 20% Trade Discount and 1/5th amount paid in cash.

May 7: Cash purchases Rs.12,500.

May 10: Sold goods to Sameer Rs.15,000 at 30% Trade Discount and received 30% amount in cash.

May 12: Deposited cash into bank Rs.10,000.

May 15: Uninsured goods destroyed by fire Rs.2,750.

May 17: Paid Audit Fee Rs.5,400.

May 19: Received commission Rs.1,750.

May 22: Paid to Anil Rs. 12,750 in full settlement of A/c.

May 25: Cash stolen from cash box Rs.500.

May 27: Received from Sameer Rs.7,250 and discount allowed Rs.100.

May 31: Interest received Rs.1,200 directly added in our bank account.

5. On 31st December, 2020, Munna's books showed a bank balance of Rs. 10,000. On reconciling the Cash Book with the Pass Book, it was found that three cheques of Rs. 1,680, Rs.1,920 and Rs.1,440 issued on 29th December were not presented to the bank till January 4, 2021, and that two cheques of Rs.2,080 and Rs.1,400 paid into the bank on the 30th December were credited by the bank on January 3, 2021. Bank had credited him with Rs. 60 as interest on 29th December and had charged Rs. 40 as commission.

Prepare a Bank Reconciliation Statement as on 31st December, 2020.

6. Is the agreement of Trial Balance conclusive proof of the accuracy of books of accounts? If not, what are the errors, which remain undetected by the Trial Balance?
7. Indicate where the following items will be shown in Trading Account or in P & L A/c, also state the side (Dr. or Cr.) in which it will be shown :
- | | |
|---|-------------------------------------|
| a. Freight Outward | b. Bad debts recovered |
| c. Purchase Returns | d. Discount Allowed |
| e. Depreciation on Furniture and Fixtures | f. Printing and Stationery Expenses |
| g. Sales | h. Wages to workers |
| i. Salaries to CEO | j. Bad Debts |
| k. Stationary Charges | l. Repairs to Plant |
8. “*Application of computers in accounting (Computerised Accounting) has revolutionized the world of Accounting.*” Do you agree? In the light of the above statement, discuss in brief various advantages of Computerised Accounting.

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