

Anekant Education Society's  
**Tuljaram Chaturchand College of Arts, Science & Commerce,**  
**Baramati [Autonomous]**  
**Department of BBA**

**Question Bank :- Business Accounting [BBA 1103]**

**1. Objective Questions.**

**a. Fill in the Blanks**

- i) Accounting is often called as the language of.....
- ii) Capital is the excess of .....over liabilities.
- iii) The asset that can be seen and touched is.....asset.
- iv) ..... are private consumption by owner
- v) According to dual aspect concept every business transaction has a ..... effect.
- vi) .....is the source of document to record journal entry systematically.
- vii) Goods distributed as free sample should be debited to ..... Account.
- viii) Purchase journal is used to record all .....purchases of goods only.
- ix) Ledger is prepared on the basis.....
- x) ..... balance of nominal account shows income or gains.
- xi) ..... is maintained for recording all adjusting entries.
- xii) Debit the receiver, Credit the giver are the rules of..... Account.
- xiii) Bank Reconciliation is a statement indicating the causes of ..... Between two balances.
- xiv) Trial Balance is prepared at the end of ..... year.
- xv) The physical wear and tear in an asset is called.....
- xvi) Under ..... method, amount of depreciation changes every year.
- xvii) Gross Profit or Gross Loss is transferred to .... account.
- xviii) Accounting through ..... reduces the use of paperwork and space.
- xix) AS-1 deals with.....
- xx) Manual accounting system increases unnecessary ..... of work.

**b. True or False**

- i) Accounting involves only recording of business transactions.
- ii) Accounting is a process of communication.
- iii) Accounting year of a company must start on 1<sup>st</sup> April.
- iv) According to Money Measurement Concept, accounting records only business transactions.
- v) The Going Concern Concept assumes that , the life of the business is always limited.
- vi) Commission receivable account is a Nominal Account.
- vii) Bank loan is a Real Account.
- viii) Journal is called as book of original entry.
- ix) Trade discount is allowed on cash sales ad credit sales also.
- x) In credit transaction, one account recorded is always a party's name concerned.
- xi) Every business transaction is first recorded in ledger.

- xii) Opening entries are passed in journal proper.
- xiii) Discount allowed by supplier is recorded on the credit side of the Cash Book
- xiv) Contra Entry does not appear on both sides of the Cash Book.
- xv) Purchase return is minimizes from Sales.
- xvi) Sales Return Book is one type of Subsidiary Book.
- xvii) Real Account means Debit the receiver and Credit the giver.
- xviii) Bank Reconciliation Statement is not compulsory.
- xix) Trial Balance is part of Final Account.
- xx) A Computer is an electric device.

## 2. Write answer in one sentence.

- i) Define the term Financial Accounting in one sentence.
- ii) What do you mean by Business Entity Concept?
- iii) What is the meaning of Dual Aspect Concept?
- iv) What is the meaning of consistency in Financial Accounting?
- v) What is Journal?
- vi) Explain rules of Nominal Account.
- vii) What do you mean by Narration?
- viii) What is the meaning of Cash Discount?
- ix) What type of transaction is recorded in Return Book?
- x) Give the specimen of a Sales Book.
- xi) What is Cash Book?
- xii) What is Petty Cash Book?
- xiii) What do you mean by Trading Account?
- xiv) What is Profit & Loss Account?
- xv) Explain the term Balance Sheet.
- xvi) What do you mean by Bank Reconciliation Statement?
- xvii) What is outstanding Cheque?
- xviii) What is nominal Account in Accounting?
- xix) What are adjusting Entries?
- xx) Define the Depreciation in one sentence.

## 3. Short Notes.

- i) Scope of Financial accounting.
- ii) Objectives of Financial Accounting.
- iii) Money Measurement Concept.
- iv) Accrual Concept.
- v) AS-6 on Depreciation.
- vi) Trade Discount.
- vii) Combined Journal Entry.
- viii) Purchase Book.
- ix) Sales Return Book.
- x) Journal Proper

- xi) Debit Note.
- xii) Cash Discount.
- xiii) Contra Entry.
- xiv) Cash Book.
- xv) Final Account.
- xvi) Depreciation.
- xvii) Fixed Installment Method.
- xviii) Tally.

#### 4. Short answer questions.

- i) Enter the following transactions in the Journal of Raje, for May 2018.
  1. Raje started business with Cash Rs. 28,000, Machinery Rs. 15,000 and Furniture Rs. 4,500.
  2. Purchased goods from Abhay Rs. 6,000 @ 10% trade discount.
  3. Deposited in Bank Rs. 19,800.
  4. Paid electricity charges for office Rs. 125.
  
- ii) Enter the following transactions in the Journal of Ajay, for May 2018.
  5. Purchased goods for cash Rs. 11,500.
  6. Received commission Rs. 700.
  7. Paid fire premium insurance to insurance company Rs. 500.
  8. Received Rs. 200 from Mahesh as interest.
  
- iii) Journalize the following transactions in the books of Anil for July, 2018.
  9. Received Rs. 20,000 from mother as gift and deposited the same into the bank account of business.
  10. Received Dividend from Rs. 200 from Bharat Forge co.
  11. Bought Equity shares of ITC co. Rs. 1,800.
  12. Remitted to Ajay Rs. 680 in full settlement of his account.
  
- iv) Enter the following transactions of Brijesh Traders in the proper subsidiary Books for May, 2018.
  1. Brijesh started business with Machinery Rs. 12,000.
  2. Sold to Bakul goods Rs. 450 @ 4% trade discount on credit.
  3. Received an order from Birbal for supply of goods Rs. 900.
  4. Returned defective goods to Baban Rs. 100.
  
- v) Enter the following transactions of Naresh Traders in the proper subsidiary Books for May, 2018.
  1. Purchased goods from Anthony Rs. 630 subject to a trade discount of Rs. 30.
  2. Sold goods to Aakash Rs. 1,500 @ 20% Trade Discount.
  3. Damaged goods received from Aakash Rs. 150 gross.
  4. Machinery costing Rs. 3,500 purchased from Akbar and Co.
  
- vi) Enter the transactions in the Cash Book with Cash and Bank Column.
  1. Cash in hand Rs. 8,000 and Cash at Bank Rs. 17,000.
  2. Issued a cheque to the petty cashier Rs. 500.

3. Withdrew from Bank Rs. 400 for office expenses and 200 for personal expenses.
  4. Paid by cheque Rs. 650 for Professional Tax.
- vii)** Enter the transactions in the Cash Book with Cash, Bank and discount column.
1. Received commission Rs. 700 by cheque which was deposited into Bank immediately.
  2. Salary paid to Pravin, a factory foreman Rs. 1,200.
  3. Settled Ajay's account for Rs. 800 by cheque after deducting 2.5% for Cash Discount.
  4. Received from Omprakash Rs. 570 by cheque in full settlement of his account for Rs. 590.
- viii)** Prepare a Bank Reconciliation Statement of Suresh from the following details as on 31<sup>st</sup> December, 2018.
1. Bank Balance as per Pass-Book as 31<sup>st</sup> December, 2018 Rs. 7,500.
  2. Cheques amounting Rs. 7,400 were deposited into the Bank, but out of these cheques of Rs. 1,700 were only collected by the Bank till 31<sup>st</sup> December, 2018.
  3. Cheques of shares of Philips Ltd. For Rs. 3,750 by the Bank was credited in Pass-Book only.
  4. Commission charged by Bank Rs. For which there was no entry in Cash-Book.
- ix)** On 31<sup>st</sup> December, 2018 the Cash-Book of Amit showed a debit balance of Rs. 6,490. On comparing his Cash-Book with the Pass-Book he finds that,
1. Out of three cheques totaling to Rs. 2,100 issued on 29<sup>th</sup> December, 2018 only a cheque of Rs. 1,200 has been presented cashed upto 31<sup>st</sup> December, 2018.
  2. Two cheques of Rs. 1,000 and 2,635 respectively were deposited into bank but only a cheque of Rs. 1,000 was credited before 31<sup>st</sup> March, 2018.
  3. A cheque of Rs. 150 deposited and credited by bank was entered as Rs. 105 in the Cash-Book.
  4. Bank charges of Rs. 15 and Bank Interest of Rs. 400 appearing in the Pass-Book are not recorded in the Cash-Book.
- x)** Pramod purchased a machine by cheque for Rs. 90,000 on 1<sup>st</sup> April, 2016. Its probable working life was estimated at 10 years and its probable scrap value at the end of that time is Rs. 10,000. It was decided to write off depreciation by equal annual installments.
- You are required to pass necessary journal entries for first two years. It was decided to close books each financial year on 31<sup>st</sup> March.
- xi)** The partnership firm of Akash and Badal purchased an equipment on 1-4-2016 by making cheque payment of Rs. 3,00,000. The firm has decided to depreciate the equipment @ 20% p.a. using WDV Method. The firm closes its books of accounts on 31<sup>st</sup> March each year.

You are required to pass journal entries for first two years.

## 5. Long answer questions.

- i) Journalize the following transactions in the book of Geeta for January, 2018.
- 1 Geeta started business with cash Rs. 50,000.
  - 7 Deposited Rs. 25,000 into the Bank.
  - 9 Purchased goods from Snehal Rs. 5,000.
  - 11 Sold goods to Maya Rs. 3,000.
  - 15 Purchased furniture for Rs. 3,500.
  - 19 Sold goods for cash Rs. 1,000.
  - 20 Paid carriage Rs. 100.
  - 25 Received commission Rs. 50.
  - 28 Paid Insurance premium Rs. 250.
  - 31 Received Rs. 2,000 from Maya on account.
- ii) Journalise the following transactions in the books of Ajay for March, 2018.
- 1 Bought goods Rs. 5,000 @ 12% Trade Discount.
  - 4 Received Rs. 450 as dividend on shares from Bajaj Auto Ltd.
  - 5 Goods supplied to Sanjay Rs. 600 on credit.
  - 6 Purchased goods Rs. 800 from Vjay.
  - 7 Salary paid to Sujay, a foreman Rs. 950.
  
  - 9 Damage goods return to Vijay Rs. 80.
  - 12 Goods sold for cash Rs. 1,300 to Parajay.
  - 14 Goods costing Rs. 400 distributed as free samples.
  - 28 Remitted to Vijay Rs. 680 in full settlement of his account.
- iii) Enter the following transactions in Subsidiary Books of Chandan Trading Corporation, for June, 2018.
- 1 Chandan started business with building Rs. 25,000.
  - 4 Purchased goods from Charan Rs. 500 @ 20% Trade Discount.
  - 8 Chiman bought goods from Chandan Rs. 500 on credit and was allowed 15% Trade Discount.
  - 10 Supplied goods to Minal Rs. 900 on credit at no profit no loss price.
  - 14 Returned goods to Charan Rs. 100 gross as they were damaged in transit.
  - 20 Defective goods returned by Chiman Rs. 60 gross.
  - 23 Placed an order for supply of goods Rs. 500 with Chinmay, to be executed on 30<sup>th</sup>.
- iv) Enter the following transactions in the three columns Cash-Book of Naresh Bros., Pune for July, 2019.
- 1 Balance of Cash in Hand Rs. 5,000 and Bank Rs. 10,000.
  - 1 Introduced additional capital of Rs. 10, 000 of which Rs. 3, 000 were borrowed from Canara Bank.
  - 4 Received Rs. 1,500 from Somesh and allowed him discount f Rs. 60 for dispatch of second hand goods.
  - 7 Transferred from Fixed Deposit A/C after its maturity to current A/C Rs.

25,000.

- 11 Withdrew Rs. 1,000 for office use.
- 15 Bought goods from Sadashiv Rs. 900 for cash.
- 18 Received Rs. 1,200 from Umesh and deposited into Bank.

v) Enter the following transaction of Yogesh, Yeola in the Cash-Book with three column for November, 2018.

- 1 Opening Balance of cash Rs. 15,000 and Bank Rs. 10,000.
- 4 Bought office chair for Rs. 800 from Deco Home for domestic purpose.
- 7 Received a cheque of Rs. 920 and cash of Rs. 200 from Minal in full settlement of Rs. 1,150.
- 14 Paid by cheque to Yogeshwar Rs. 1,300 for payment of salary and Rs. 900 for travelling expenses.
- 19 Bank has credited Yogesh Traders account with dividend Rs. 500.
- 23 Deposited Minal's Cheque into Bank.
- 26 Received a crossed cheque of Rs. 570 from Jasmine in full settlement.
- 28 Bank informed that Minal's cheque is returned dishonored.

vi) From the following Trial Balance of Bharat, pass the accounts in the final Accounts as on 31<sup>st</sup> March, 2018.

Particulars	Debit Balance Rs.	Particulars	Credit Balance Rs.
Land & Building	87,000	B's Capital	2,00,000
Plant and Machinery	17,500	Sales less Returns	94,000
Goodwill	20,000	Reserve for Doubtful Debts	1,500
B's Drawings	22,600	Creditors	7,500
Cash in Hand	1,795		
Stock on 1 <sup>st</sup> April, 2017	27,000		
Wages	10,600		
Purchase less Returns	69,000		
Office Expenses	7,505		
Insurance	2,000		
Motor Car	3,000		
Salaries	15,000		
Debtors	20,000		
<b>Total</b>	<b>3,03,000</b>	<b>Total</b>	<b>3,03,000</b>

Additional Adjustments:-

- 1. On 31<sup>st</sup> March, 2018 stock was valued at Rs. 46,000.
- 2. Insurance Premium amounting Rs. 800 is prepaid.
- 3. Outstanding salaries amounted Rs. 1,000.
- 4. Depreciate plant and Machinery @ 10% p.a. and Motor Car @ 20% p.a.
- 5. Create Reserve for Doubtful Debts @ 10% on Debtors.

vii) From the following Trial Balance of Ashok, Amarnath, pass the accounts in the final Accounts as on 31<sup>st</sup> March, 2018.

Particulars	Debit Balance Rs.	Particulars	Credit Balance Rs.
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Purchases	98,000	A's Capital	1,10,000
Wages	21,000	Sales	2,12,000
Opening Stock	25,000	Return outward	2,300
Printing and stationary	17,000	Creditors	35,000
Insurance(Paid for one year from 1.10.2011 to 30.9.2012)	2,200	Loan from Bhagwan (Taken on 1.12.2011 @ 12% p.a.)	18,000
Salaries	32,000	Rent Received	3,200
Carriage Inward	10,000		
Carriage Outward	12,000		
Advertising	14,000		
Land and Building	35,000		
Machinery	60,000		
Debtors	30,000		
Return Inward	2,000		
Cash	2,300		
Patents	20,000		
<b>Total</b>	<b>3,80,500</b>	<b>Total</b>	<b>3,80,500</b>

Additional Adjustments:-

- Closing Stock is valued at cost price Rs. 32,000 and at market price Rs. 26,000.
  - Apart of the building is let out Rs.1, 000 per month from 1.12.2017.
  - Printing bill of Rs.1,200; Wages of Rs.1,800 and salaries of Rs.3,800 are outstanding.
  - Depreciate Machinery @ 10% p.a. and patents are revalued on 31.3.2018 at Rs.18, 200.
- viii) The Cash-Book of Chandan showed a debit balance of Rs. 5,400 on 31<sup>st</sup> March 2018. But the Bank Pass- Book showed altogether a different balance and on comparing his Cash-Book and Pass-Book find the following issues:
- Cheques amounting to Rs. 3,200 issued but not presented to payment before 31<sup>st</sup> March, 2018.
  - Cheques paid into Bank but not collected and credited before 31<sup>st</sup> March, 2018 amounted to Rs. 1,700.
  - Bank charges Rs. 20 debited in the Pass- Book, did not appear in Cash-Book till 31<sup>st</sup> March, 2018.
  - Interest credited by Bank Rs. 350 did not appear in Cash-Book till 31<sup>st</sup> March, 2018.
- You are required to prepare B.R.S to show Bank Balance as per Pass-Book.
- ix) On 31<sup>st</sup> December, 2018 Bank Pass- Book of Jayesh showed a credit balance of Rs. 4,800. From the following particulars prepare a B.R.S. showing the Bank Balance as per Cash-Book:
- Cheque deposited into the Bank but not cleared and credited before 31<sup>st</sup> December, 2018 amounted to Rs.3, 900.
  - Cheque issued on 31<sup>st</sup> December, 2018 but presented for payment on 5<sup>th</sup> January, 2019 amounted Rs. 6,650.

3. Payment of Taxes by Bank Rs. 1,000 on behalf of Jayesh appeared in the Pass- Book only.
  4. Bank interest of Rs. 165 was credited in the Pass-Book but was entered in the Cash-Book as Rs. 65 only.
  5. Payment side of Pass-Book was overcast by Rs. 50.
- x) Amco Enterprises, Akola purchased Machinery for Rs. 50, 000 from Bora co. on 1<sup>st</sup> July 2016 and paid the same by cheque. The firm has decided to charge depreciation on Machinery @ 20% p.a. by Written Down Value Method at the end of each accounting year on 31<sup>st</sup> December. On 1<sup>st</sup> January, 2018 they purchases additional Machinery for Rs.25, 000 and paid by cheque.  
Pass necessary journal entries for the first three years in the books of the firm.
- xi) On 1<sup>st</sup> April, 2015 , XYZ Ltd. Purchased a second hand machine for Rs.80, 000 and spent Rs.20, 000 on its cartage, repairs and installation. The residual value at the end of its expected useful life of 4 years is estimated at Rs.40, 000. On 30<sup>th</sup> September 2016, this machine is sold for Rs. 50, 000. Depreciation is to be provided according to Straight Line Method.  
Pass necessary journal entries for the first three years in the books of the firm.
- xii) What is the use of Tally software in Company? Explain steps of Tally with example.