



**I Semester B.B.M. Examination, November/December 2014**

**(New Syllabus) (2012-13 and Onwards)**

**BUSINESS MANAGEMENT**

**Paper – 1.3 : Fundamentals of Accounting**

Time : 3 Hours

Max. Marks : 100

**Instruction : Answers should be written in English only.**

**SECTION – A**

Answer **any eight** sub-questions from the following. **Each** sub-question carries **two** marks. **(8×2=16)**

1. a) What is Accounting ?  
b) Write any two objectives of accounting.  
c) Give the meaning of Journal.  
d) What is double entry system of accounting ?  
e) What is Purchase Returns Books ?  
f) Write the meaning of Bank Reconciliation Statement.  
g) Give the meaning of Error of principle.  
h) State any two differences between statement of affairs and Balance Sheet.  
i) Give the meaning of an asset.  
j) What is Balance Sheet ?

**SECTION – B**

Answer **any three** of the following questions. **Each** question carries **eight** marks. **(3×8=24)**

2. Briefly explain the accounting conventions.
3. Journalise the following in the books of Shiva

**2014**

Jan 1<sup>st</sup>      Started business with Cash Rs. 50,000

Jan. 4<sup>th</sup>      Opened an account in a bank Rs. 10,000

P.T.O.



Jan. 9 <sup>th</sup>	Purchased goods Rs. 9,800
Jan. 13 <sup>th</sup>	Sold goods for Rs. 12,100
Jan. 19 <sup>th</sup>	Purchased goods from Rekha Rs. 15,000
Jan. 25 <sup>th</sup>	Sold goods to Bindu Rs. 10,900
Jan. 26 <sup>th</sup>	Returned goods to Rekha Rs. 1,200
Jan. 28 <sup>th</sup>	Goods returned from Bindu Rs. 2,000.

4. Prepare a Trial Balance of Mr. 'X' as on 31-3-2013 from the following Ledger Balances.

Purchases	60,000	Expenses	20,000
Reserve Fund	20,000	Outstanding Expenses	2,000
Sales	1,00,000	Bank bal. (Dr.)	5,000
Purchase Returns	1,000	Fixed assets	50,000
Sales Returns	2,000	Debtors	80,000
Opening Stock	30,000	Creditors	30,000
Closing Stock	40,000	Capital	94,000

5. Pass Journal Entries to Rectify the following errors :

- Goods valued Rs. 200 taken by the proprietor for his personal use omitted.
- A discount of Rs. 450 allowed to Natraj has been credited to his account as Rs. 540.
- The cost of machine purchased debited to purchase account Rs. 35,000.
- Rs. 1000 paid against Bills Payable to Sriram was debited to Hariram account.



SECTION – C

Answer Question No. 10 and **any three** of the remaining questions. **Each** question carries **fifteen** marks. **(4×15=60)**

6. Journalise the following transactions and open only personal accounts in the Ledger.

**2013**

July	1 <sup>st</sup>	Mr. Shiva started his business with the following : Cash Rs. 10,000 ; Goods Rs. 5,000 ; Furniture Rs. 25,000.
	5 <sup>th</sup>	Sold goods to Shilpa for Rs. 2,500 Sold goods for cash Rs. 1,500
	9 <sup>th</sup>	Received from Shilpa on account Rs. 1,500
	12 <sup>th</sup>	Purchased goods from Mala Rs. 4,500
	15 <sup>th</sup>	Paid Mala Rs. 2,500
	20 <sup>th</sup>	Paid Interest to Mala Rs. 50
	31 <sup>st</sup>	Paid Stationery Charges Rs. 50 Paid Salaries Rs. 125 Paid rent Rs. 80

7. From the following transactions prepare Purchase Book, Sales Book, Purchase returns and Sales return books.

**2014**

May	1 <sup>st</sup>	Purchased from Rama Silk Kendra, 500 silk sarees at Rs. 1,250 each.
	5 <sup>th</sup>	Purchased from SLV and Company, 1,000 Kanchi silk sarees at Rs. 5,000 each
	7 <sup>th</sup>	Sold to Ranveer on account, 250 printed sarees at Rs. 1,500 each, 500 Kanchi sarees at Rs. 5,000 each



- 8<sup>th</sup> Claimed for damages from Rama Silk Kendra Rs. 2,500
- 9<sup>th</sup> Returned damaged goods to SLV and company 25 Kanchi sarees
- 12<sup>th</sup> Purchased from Priya silks 750 Mysore silk at Rs. 1,250 each, 500 Handloom sarees at Rs. 3,750 each, less trade discount at 50%
- 15<sup>th</sup> Sold to Bindu on account, 100 printed sarees at Rs. 1,500 each, 125 Kanchi sarees at Rs. 6,500 each, 100 Mysore silk sarees at Rs. 1,500 each, less trade discount at 25%
- 20<sup>th</sup> Sold to Sushma sarees, 200 handloom sarees at Rs. 5,000 each
- 21<sup>st</sup> Ranveer returned 50 printed sarees and 100 kanchi sarees
- 25<sup>th</sup> Returned to Priya silk, 125 Mysore silk
- 27<sup>th</sup> Returned from Sushma sarees, 50 handloom sarees
- 30<sup>th</sup> Purchased from Roopa silk, 2,000 Roopa brand sarees at Rs. 2,500 each.

8. From the following Trial balance of Sri Bal Krishna as on 31-12-2013, prepare Final Accounts as on the above date.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	—	60,000
Drawings	6,000	—
Salaries	10,800	—
Debtors and Creditors	24,000	19,500
Purchases and Sales	1,41,000	2,16,000
Opening Stock	43,500	—



Printing and Stationery	5,250	—
Carriage inwards	2,100	—
Returns	5,100	3,600
Bills Receivable	3,000	—
Bills Payable	—	10,500
Insurance	1,800	—
Bad debts	900	—
Plant and machinery	15,000	—
Furniture	4,500	—
Wages	8,400	—
Rent and taxes	3,750	—
Commission	—	1,200
Land and building	30,000	—
Cash in hand	5,700	—
	<b>3,10,800</b>	<b>3,10,800</b>

**Adjustments :**

- a) Depreciation on plant and machinery at 10% and furniture at 5%.
- b) Salary outstanding Rs. 1,800.
- c) Insurance paid in advance Rs. 300.
- d) Closing Stock Rs. 73,800.
- e) Create 5% Reserve for doubtful debts on Debtors.



9. A retailer who had kept books of accounts under Single Entry System, supplied the following information to you. Prepare statement of profit and loss and a revised statement of affairs as on 31-12-2013.

Particulars	1-Jan-2013	31-Dec-2013
Stock	16,700	18,500
Creditors	15,400	14,000
Debtor	11,200	10,500
Cash	250	1,200
Bank overdraft	20,200	19,400
Bills receivable	15,050	14,200
Furniture	1,500	1,500
Machinery	1,900	1,900

The drawing during the year amounted to Rs. 2,600. Depreciate furniture by 10%, write off 300 from machinery. Debtors include Rs. 500 bad debts. Provide reserve for doubtful debts at 5% on debtors.

10. Enter the following transactions in the Cash book, with Cash, Discount and Bank columns

**2014**

July	1 <sup>st</sup>	Cash in hand Rs. 12,000 and at Bank 3,200
	3 <sup>rd</sup>	Bought goods for cash Rs. 1,200 and by cheque Rs. 1,800 from Kiran
	6 <sup>th</sup>	Cash Sales Rs. 1,200
	9 <sup>th</sup>	Received a crossed cheque from Srinivas of Rs. 2,000
	12 <sup>th</sup>	Deposited into Bank Rs. 1,800



- 15<sup>th</sup> Paid to Sameer Rs. 1,750 in settlement of Rs. 1,800
  - 18<sup>th</sup> Purchased furniture for cash from Rajani Rs. 1,100
  - 21<sup>st</sup> Received Rs. 1,600 from Mahesh and allowed him discount of Rs. 50
  - 23<sup>rd</sup> Sent money order to Satish Rs. 600
  - 25<sup>th</sup> Drew from bank for office use Rs. 1,300
  - 27<sup>th</sup> Paid L.I.C. premium by cheque Rs. 700
  - 30<sup>th</sup> Cheque issued towards house rent Rs. 1,200.
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