

I Semester B.B.M. Examination, Nov./Dec. 2014
 (Repeaters) (Prior to 2012-13)
BUSINESS MANAGEMENT
 Paper – 1.4 : Fundamentals of Accounting
 (100 – 2011-12 Only)
 (90 – Prior to 2011-12)

Time : 3 Hours

Max. Marks : 100/90

- Instructions :**
- 1) Answers should be written in **English** only.
 - 2) Section **A, B** and **C** to be answered by **all** repeaters (90 marks).
 - 3) Section – **D** is to be answered by **2011-12** students only (100 marks).

SECTION – A

Answer any 10 sub questions. Each question carries two marks. (10×2=20)

1. a) Define accounting.
- b) Who is a debtor ?
- c) Mention any two features of single entry system of book keeping.
- d) What do you mean by Trial Balance ?
- e) Give the meaning of accounting standard.
- f) How do you treat out standing salary in final accounts ?
- g) What is a statement of affairs ?
- h) What is meant by debit note ?
- i) State the meaning of Bank Reconciliation Statement.
- j) What is accounting process ?
- k) What is rectification entry ?
- l) Give the meaning of imprest system of petty cash.



SECTION – B

Answer any 5 of the following. Each carries five marks :

(5×5=25)

2. Briefly explain the classification of accounts and their corresponding rules.
3. Distinguish between journal and ledger.
4. From the following particulars, prepare Bank Reconciliation Statement :
 - 1) Balance as per cash book ₹ 12,500
 - 2) Cheque issued but not presented for payment of ₹ 900
 - 3) Cheque deposited into bank, but not collected ₹ 1,200
 - 4) Bank paid insurance premium ₹ 500
 - 5) Direct deposit by customers ₹ 800
 - 6) Interest on investment collected by bank ₹ 200
5. Rectify the following errors :
 - a) Repairs to office furniture posted to office furniture a/c ₹ 500
 - b) Salaries paid to a clerk debited to his personal account ₹1,000
 - c) Sales to Kavya was credited to her account ₹ 1,500
 - d) Sales of ₹ 5,000 had been passed through purchase book.

6. Journalise the following transactions :

June 2013

- | | | |
|------|----|---|
| June | 2 | Started business with capital ₹ 1,00,000 |
| June | 4 | Deposited into bank ₹ 40,000 |
| June | 8 | Purchased goods and paid by cheque ₹ 20,000 |
| June | 15 | Sold goods to Nirmal ₹ 15,000 |
| June | 25 | Received cash from Nirmal ₹ 10,000 |



7. From the following information, prepare Vidya's A/c.

2013

- April 1 Debit balance b/d ₹ 15,000
- April 6 Sold goods to Vidya on credit ₹ 60,000
- April 15 Received cash from Vidya ₹ 50,000
- April 20 Purchased goods on credit from Vidya ₹ 20,000
- April 25 Paid cash to Vidya ₹ 4,000
- April 30 Returned goods to Vidya ₹ 1,000

8. Prepare a Trial Balance of XYZ as on 31-3-2013 from the following ledger balances :

Particulars	₹	Particulars	₹
Purchases	60,000	Expenses	20,000
Reserve fund	20,000	Bank balance (Dr.)	5,000
Sales	1,00,000	Fixed assets	50,000
Purchase returns	1,000	Capital	56,000
Sales returns	2,000		
Opening stock	40,000		

SECTION - C

Answer any three of the following. Each question carries fifteen marks : (15x3=45)

9. Prepare a three column cash book from the following transactions :

2013

- August 1 Balance of cash in hand ₹ 5,000 bank overdraft ₹ 10,000
- " 3 Received a bearer cheque from Mahesh for ₹ 5,000 and allowed him discount ₹ 130
- " 5 Deposited into bank Mahesh cheque along with cash ₹ 10,000
- " 10 Paid to Anil by bearer cheque ₹ 320 in settlement of ₹ 350



- " 15 Received from cash sales : cash ₹ 275 and crossed cheque ₹ 5,225
- " 19 Paid for cash purchases by cheque ₹ 645
- " 22 Paid by cheque to Kavya ₹ 725 in settlement of ₹ 800
- " 25 Draw for office use ₹ 1,900 and for personal use ₹ 900
- " 27 Paid for advertisement ₹ 245
- " 28 Paid staff salary by cheque ₹ 2,250
- " 29 Paid office rent by cash ₹ 400 and house rent by cheque ₹ 375
- " 31 Received a crossed cheque of ₹ 580 from Srinivas in settlement of ₹ 620

10. Mr. Pradeep Kumar keeps his books on single entry system from the following information. Prepare a statement showing his profit or loss for the year ended 31-3-2013.

Particulars	1-4-2012	31-3-2013
Cash	2,000	5,000
Bills receivable	5,000	-
Debtors	19,000	25,000
Stock	22,000	19,000
Creditors	14,000	16,000
Bills payable	-	2,000
Investments	-	6,000
Furniture	10,000	10,000
Loan	-	3,000

During the year he withdraw ₹ 5,000 for his personal purpose. He introduced ₹ 2,000 as additional capital.

Adjustments :

- 1) Bad debts ₹ 500
- 2) Prepaid insurance ₹ 600
- 3) Depreciate furniture by 10%
- 4) Commission earned but not yet received ₹ 3,000
- 5) Salary outstanding ₹ 1,600.



11. Record the following transactions in the proper subsidiary book :

Date	Particulars
2013	
June 1	Bought from Rajanna ₹ 15,000
" 3	Sold to Krishna ₹ 10,000
" 5	Sold to Kumar ₹ 3,000
" 6	Krishna returned goods ₹ 1,000
" 8	Purchased from Nithish ₹ 6,000
" 9	Goods returned by Kumar ₹ 400
" 10	Sold to Narayan ₹ 5,000
" 12	Returned to Naveen ₹ 500
" 15	Narayan returned goods ₹ 200
" 18	Purchased from Jayaraj ₹ 5,000
" 21	Returned goods to Jayaraj ₹ 300
" 24	Bought from Ravi ₹ 6,000
" 27	Returned to Ravi ₹ 200

12. From the following Trial Balance of Mr. Lakshman and considering the adjustments, prepare Trading and Profit and Loss A/c for the year ending 31-Dec.-2013 and Balance Sheet as on that date.

Adjustments :

- 1) Outstanding expenses – wages ₹ 400, salaries ₹ 1,000 and rent ₹ 500
- 2) Unexpired insurance ₹ 300
- 3) Write off ₹ 200 as bad debts and make a provision for doubtful debts at 5% on debtors.
- 4) Depreciation on machinery at 5% and furniture at 10%
- 5) Closing stock on 31- Dec.-2013 ₹ 18,000.



Trial Balance as on Dec. 31, 2013

Particulars	Dr. (₹)	Cr. (₹)
Capital and drawings	10,000	50,000
Opening stock	25,000	-
Bills payable and receivable	5,000	6,000
Purchases and sales	1,03,500	1,62,500
Returns	2,500	3,500
Debtors and creditors	16,200	12,000
Salaries	11,000	-
Wages	9,600	-
Machinery	30,000	-
Furniture	5,000	-
Rent and taxes	3,500	-
Insurance	1,300	-
Printing and stationary	1,500	-
Cash in hand	200	-
Cash at bank	9,700	-
	2,34,000	2,34,000

13. Record the following transactions in an analytical petty cash book under the imprest system and show how much will be paid to the petty cashier on 31-12-2014.

2014	Particulars
March 1	Balance in hand ₹ 34
" 2	Received cash from the chief cashier to makeup the required balance ₹ 366
" 3	Bought envelopes and gums ₹ 27
" 4	Paid bus fare ₹ 19
" 5	Postage and stamp ₹ 35
" 7	Paid STD charges ₹ 28



- " 8 Local travelling by the office clerk ₹ 22
- " 9 Paid coolie charges for shifting of furniture ₹ 20
- " 10 Paid washing charges of office equipments and other materials ₹ 21
- " 11 Paid repair charges of delivery van ₹ 25
- " 12 Purchase of pen and pencils ₹ 20
- " 13 Paid for xerox charges ₹ 15
- " 14 Speed post charges ₹ 27
- " 15 Paid to D. Sharma ₹ 100

SECTION - D

(To be answered by 2011-12 batch only)

Answer the following question :

(10×1=10)

14. Journalise the following transactions in the books of Savitha.

2013	Particulars
Jan. 1	Started business with cash ₹ 60,000
" 4	Opened an account in a bank ₹ 20,000
" 5	Purchased goods ₹ 9,600
" 13	Sold goods ₹ 12,100
" 19	Purchased goods from Shwetha ₹ 15,000
" 25	Sold goods to Sarala ₹ 10,900
" 26	Returned goods to Shwetha ₹ 1,200
" 28	Goods returned from S ₹ 3,000
" 29	Salaries paid ₹ 10,000
" 30	Cash drawn for personal use ₹ 5,000