



SN – 366

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I Semester B.B.M. Examination, November/December 2013
(Semester Scheme) (2011-12 Only) (Repeaters)

BUSINESS MANAGEMENT

Paper – 1.4 : Fundamentals of Accounting

Time : 3 Hours

Max. Marks : 100

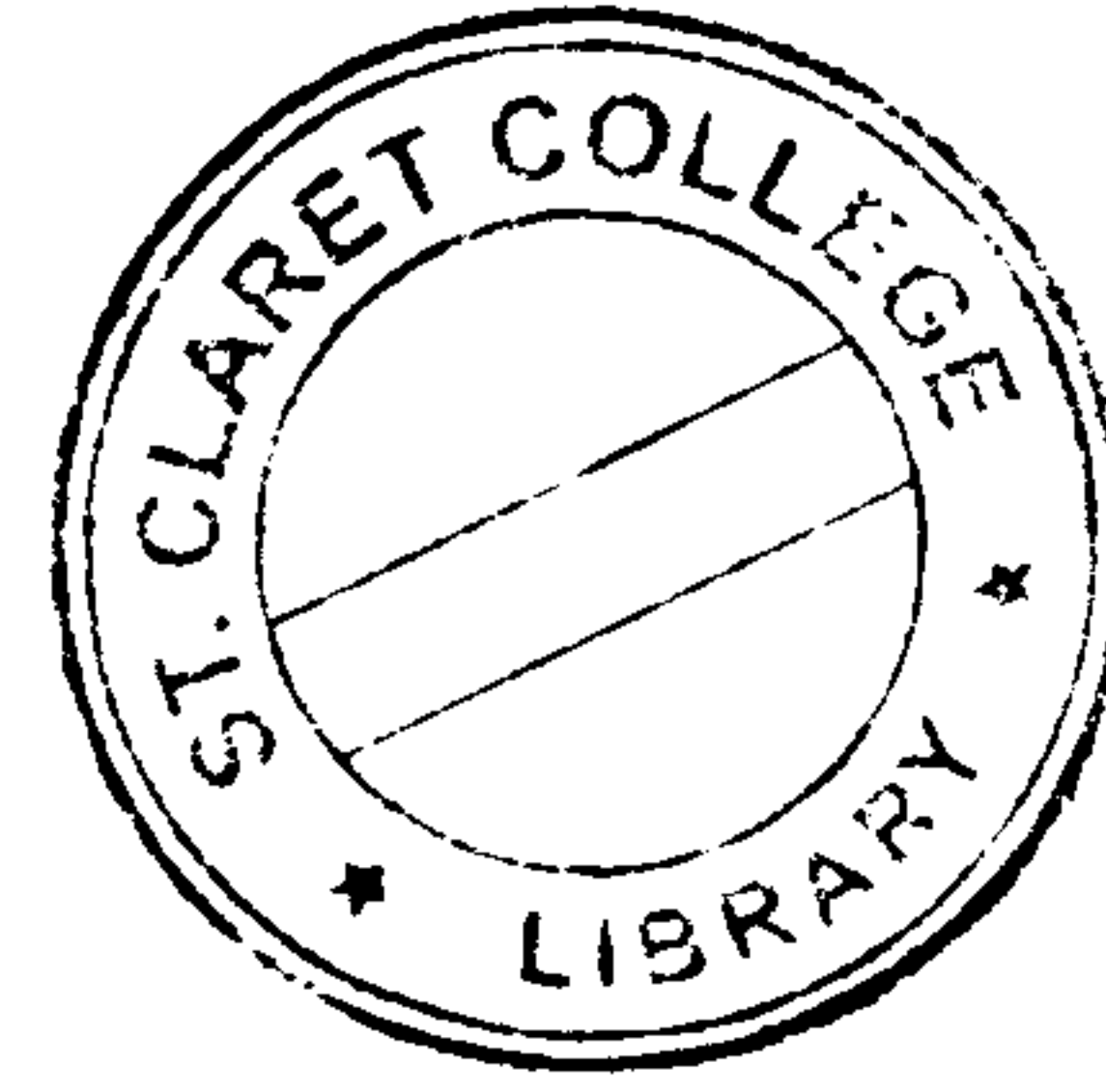
Instruction : Answer should be written only in **English**.

SECTION – A

Answer **any eight** sub-questions. **Each** question carries **two** marks.

(8×2=16)

1. a) What is double-entry system ?
- b) Name various subsidiary books.
- c) What is contra-entry ?
- d) What is suspense account ?
- e) How do you treat outstanding salaries in final accounts ?
- f) Give any four examples of nominal account.
- g) What is meant by imprest system of petty cash ?
- h) State any two features of single entry system.
- i) Define Accounting.
- j) What is trial balance ?



SECTION – B

Answer **any three** of the following questions. **Each** carries **eight** marks.

(3×8=24)

2. Briefly explain various accounting concepts.
3. Explain in brief the types of accounting errors.

P.T.O.



4. From the following information prepare cash book with cash and bank column for the month of January 2013.

Jan 1st Balance of cash in hand ₹ 400

3rd Balance of cash at bank ₹ 1,000

4th Cash deposited into bank ₹ 3,000

5th Withdrawn from bank ₹ 500

6th Paid salaries by cash ₹ 4,000

10th Received a cheque from Mr. 'X' deposited into bank ₹ 5,000

15th Cheque deposited on Jan. 10th was dishonoured

30th The bank debited the a/c with ₹ 15 as bank charges.

5. Pass the necessary journal entries in the books of Mr. Pavan.

2013 April – 2 Mr. Pavan started business with cash ₹ 1,00,000

Machinery ₹ 5,00,000

Furniture ₹ 1,20,000

5 Purchased goods worth ₹ 60,000

10 Sold goods for ₹ 10,000

15 Received cheque from Rajan ₹ 10,000 in full settlement of ₹ 10,500.

6. You are required to rectify these errors which were located before the preparation of the final accounts.

a) An amount of ₹ 37,500 posted to the cash book as against a cash sales of ₹ 3,75,000

b) An amount of ₹ 5,000 spent towards wages for installation of a machine wrongly posted to wages account.



- c) Purchased goods from Arvind worth ₹ 10,000 is completely omitted from records.
- d) Sale to Pavan has been wrongly posted to purchase book for goods worth ₹ 28,000.

SECTION – C

Answer **any four** questions of the following. **Each** question carries **fifteen** marks.

(4×15=60)

7. Journalise the following transaction and open only personal accounts in the ledger :

2013

Jan – 1st Karthik started his business with the following

Cash ₹ 20,000

Goods ₹ 10,000

Furniture ₹ 5,000

“ 5th Sold goods to Ganesh ₹ 5,000

“ 7th Sold goods for cash ₹ 300

“ 10th Received from Ganesh on account ₹ 3,000

“ 15th Purchased goods from Charan ₹ 9,000

“ 20th Paid Charan ₹ 5,000

“ 25th Paid interest to Charan ₹ 100

“ 30th Paid stationery charges 600

Paid salaries ₹ 2,500

Paid rent ₹ 1,600



8. Prepare a three columnar cash book from the following transactions :

2013

- April – 1 Balance of cash in hand ₹ 5,000 bank overdraft ₹ 10,000
- 3 Received a bearer cheque from Madhu for ₹ 5,000 and allowed him discount ₹ 130
- 5 Deposited into bank Madhu's cheque
- 10 Paid to Arun 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 'X' in settlement of ₹ 620.

9. From the following information prepare a bank reconciliation statement as on 31-12-2012 :

- 1) Bank balance as per bank pass book showed overdraft of ₹ 15,600.
- 2) Cheques amounting to ₹ 44,000 were deposited into the bank but only ₹ 20,300 has been collected and credited to the account upto 31-12-2012.
- 3) Bank debited ₹ 500 for sundry charges which was not entered in cash book.
- 4) Bank debited ₹ 2,500 as interest on overdraft balance not entered in the cash book.
- 5) A cheque for ₹ 30,000 received from Arun is entered twice in cash book.
- 6) A cheque issued on 25-10-2012 for ₹ 14,700 was not yet presented for payment till 31-12-2012.
- 7) A cheque for ₹ 60,000 was sent for collection to bank but does not appear cash book.



10. From the Trial balance and other particulars given below. You are required to prepare trading and profit and loss account for the year ending 31-3-2013 and balance sheet as on that date.

| Particulars | Dr. Rs. | Cr. Rs. |
|-------------------------------|--------------------|--------------------|
| S. capital and drawings | 6,820 | 93,230 |
| Purchases and sales | 83,290 | 1,26,177 |
| Debtors and creditors | 47,800 | 22,680 |
| Returns in words and outwards | 7,422 | 3,172 |
| Wages | 9,915 | — |
| Manufacturing Expenses | 2,500 | — |
| Stock on 1-4-2012 | 21,725 | — |
| Factory fuel and power | 542 | — |
| Office salaries | 3,745 | — |
| Factory lighting | 392 | — |
| Carriage inward | 897 | — |
| Carriage outwards | 960 | — |
| Plant and machinery | 55,000 | — |
| Fixtures and fittings | 1,720 | — |
| Bills payable | — | 6,422 |
| Travelling Expenses | 925 | — |
| Cash in hand | 68 | — |
| Cash at bank | 2,425 | — |



| Particulars | Dr. Rs. | Cr. Rs. |
|------------------|-----------------|-----------------|
| Rent and taxes | 1,765 | — |
| Office Expenses | 2,778 | — |
| Discount allowed | 422 | — |
| Insurance | 570 | — |
| | 2,51,681 | 2,51,681 |

Adjustments :

- a) Provide depreciation on plant and machinery at 10%
- b) Closing stock ₹ 40,000
- c) Outstanding rent ₹ 500.

11. Pavan a retail trader, had no proper methods of accounting, but the following information is made available to you :

| Particulars | 1-4-2012 | 31-3-2013 |
|------------------|----------|-----------|
| Furniture | 30,000 | 30,000 |
| Motor vans | 38,000 | 38,000 |
| Creditors | 3,08,000 | 2,80,000 |
| Cash | 5,000 | 24,000 |
| Stock | 3,34,000 | 3,70,000 |
| Bank overdraft | 4,04,000 | 3,88,000 |
| Debtors | 2,24,000 | 2,10,000 |
| Bills Receivable | 3,01,000 | 2,84,000 |



During the year he withdraw ₹ 52,000 for personal use :

Adjustments :

- a) Depreciate furniture by 10%
- b) Write off ₹ 2,000 from motor vans
- c) Debtors include ₹ 4,000 irrecoverable and a further reserve of 2% is to be made.

Prepare a statement showing Profit or Loss for the year ended 31-3-2013 and a revised statement of affairs as on that date.
