



SN – 390

18

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

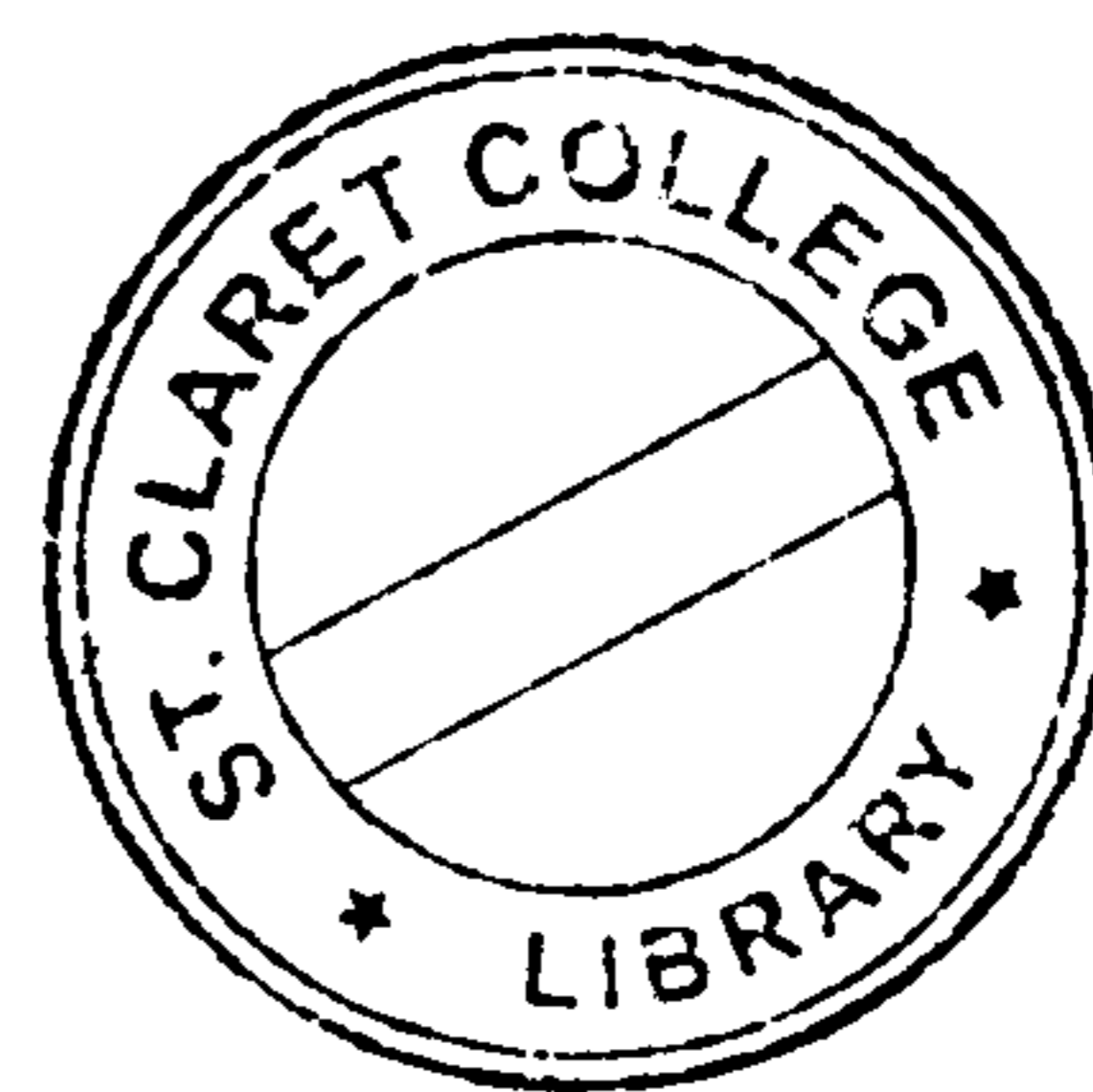
Max. Marks : 100

**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.