



UN – 409

13

I Semester B.B.M. Examination, Nov./Dec. 2015  
(2012-13 and Onwards) (Repeaters)  
**BUSINESS MANAGEMENT**  
Paper – 1.3 : Fundamentals of Accounting

Time : 3 Hours

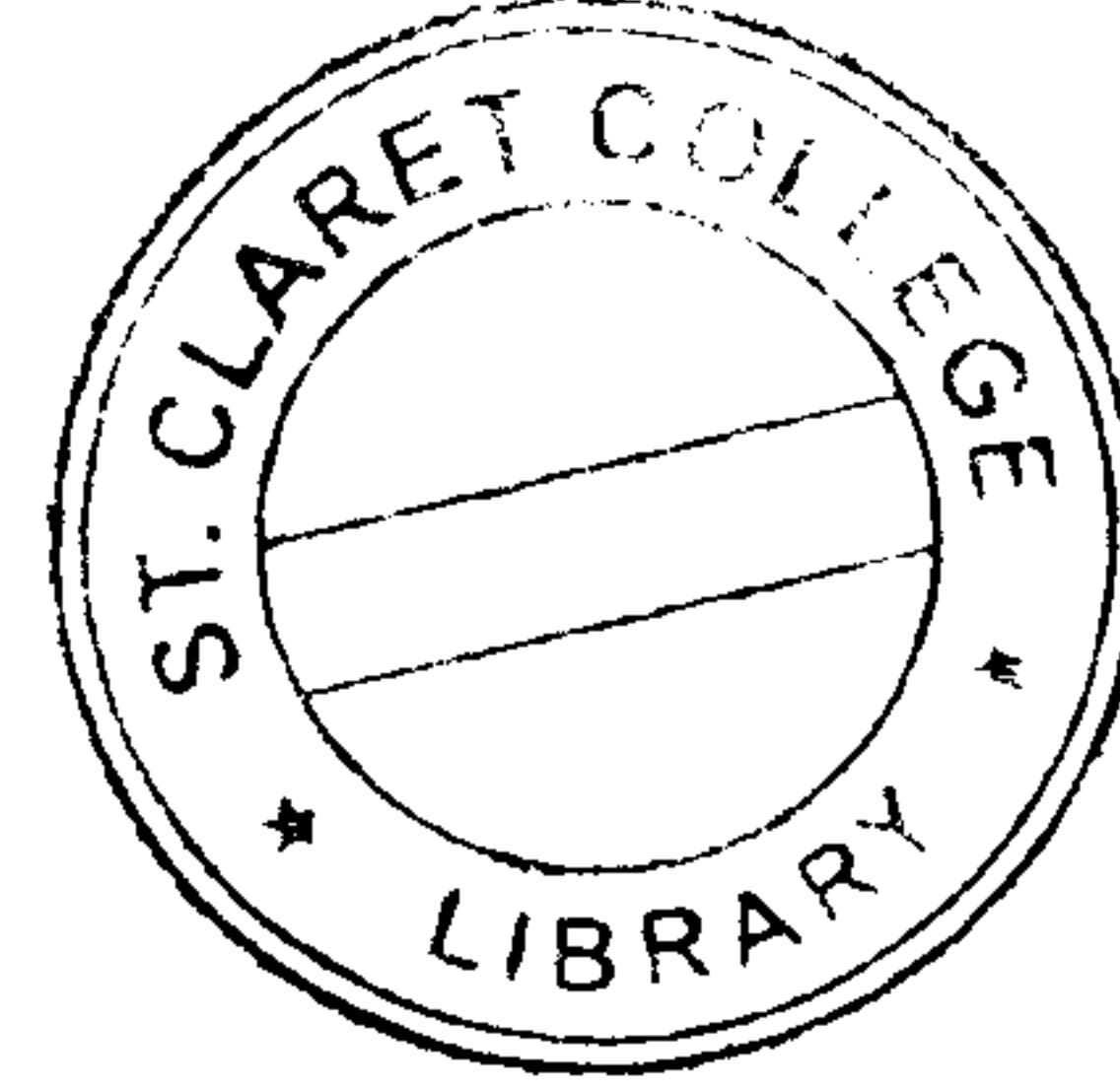
Max. Marks : 100

**Instruction** : Answer 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) What is double entry system of accounting ?
- c) What is Sales Returns Book ?
- d) Write any two subsidiary books.
- e) What is business ?
- f) Give the meaning of Journal Proper.
- g) State any two differences between Statement of Affairs and Balance Sheet.
- h) What do you mean by compensating error ?
- i) What is compound entry ? Give an example.
- j) Who is an insolvent ?



SECTION – B

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

2. Briefly explain the advantages of accounting.
3. Journalise the following transactions in the books of Manoj.

**2015**

- July 1<sup>st</sup> Started business with cash Rs. 6,000  
4<sup>th</sup> Bought goods on credit from Maruthi Rs. 1,000  
7<sup>th</sup> Goods returned by Manu Rs. 800  
10<sup>th</sup> Paid carriage inwards Rs. 100  
15<sup>th</sup> Paid insurance Rs. 500  
20<sup>th</sup> Purchased government securities Rs. 2,000  
28<sup>th</sup> Sold goods for cash Rs. 1,500  
30<sup>th</sup> Paid Maruthi by cheque Rs. 1,000

P.T.O.



4. Prepare a Trial Balance of Mr. 'A' as on 31-3-2015 from the following Ledger Balances.

Capital	24,000	Buildings	12,000
Stock (1-04-2014)	8,500	Return inwards	1,900
Furniture	2,600	Return outwards	350
Purchases	8,950	Trade expenses	1,000
Cash at Bank	7,300	Discount received	970
Carriage outwards	300	Salary	3,000
Sales	22,500	Office rent	2,270

5. Pass journal entries to rectify the following errors.

- a) An amount of Rs. 1,000 spent on repairs to machinery has been wrongly debited to Machinery Account.
- b) An amount of Rs. 100 withdrawn by the proprietor has been debited to General Expenses Account.
- c) Rs. 500 received as an interest has been credited to Commission Account.
- d) Goods worth Rs. 1,500 returned by Keshav have not been recorded anywhere.

### SECTION – C

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

6. Enter the following transactions in a proper subsidiary book.

**2015**

- July 1<sup>st</sup> Bought from Sagara Stores, Shimoga, 200 bags of rice at Rs. 100 per bag. Less trade discount 10%
- 4<sup>th</sup> Sold to Ram Fancy Stores, Raichur, 40 buckets at Rs. 16 each and 100 trays at Rs. 12 each
- 5<sup>th</sup> Sold to Deepa Stationery Mart, Hubli, 12 dozen ink pots at Rs. 26 per dozen.
- 8<sup>th</sup> Allowance claimed from Rajesh, Hassan for shortage Rs. 60
- 10<sup>th</sup> Allowance granted to Mohan for overcharge Rs. 30
- 12<sup>th</sup> Nagaraj and Company returned us goods worth Rs. 150
- 15<sup>th</sup> Returned goods worth Rs. 50 to Vijay, Mangaluru
- 17<sup>th</sup> Sold to Meena Traders, Bengaluru, 20 drawing boards at Rs. 20 per piece.
- 20<sup>th</sup> Sold to Balaji Provisions, Mysuru, 20 dozen powder tins at Rs. 16 per tin and 46 shaving cream at Rs. 5.50 each.
- 24<sup>th</sup> Bought from Coorg Coffee Works, Madikeri, 100 kgs of coffee at Rs. 10 per kg.
- 26<sup>th</sup> Bought from Mysuru Sugar Mills, Mandya 20 bags of sugar at Rs. 200 per bag.
- 28<sup>th</sup> Returned 10 kgs of coffee at Rs. 10 per kg. to Coorg Coffee Works, Madikeri.
- 29<sup>th</sup> Meena Traders, Bengaluru, returned us 5 drawing boards at Rs. 20 per piece.



7. Journalise the following transactions and open only Personal Accounts in the Ledger.

**2014**

- March 1<sup>st</sup> Mr. Vinod started his business with the following :  
Cash Rs. 15,000; Furniture Rs. 20,000; Goods Rs. 3,000.  
6<sup>th</sup> Purchased goods from Nayana Rs. 3,500  
9<sup>th</sup> Sold goods to Murthy Rs. 4,000 subject to 5% trade discount  
12<sup>th</sup> Sold goods for cash Rs. 1,000  
14<sup>th</sup> Received from Mohan Rs. 1,500  
16<sup>th</sup> Paid Nayana Rs. 1,800  
20<sup>th</sup> Paid interest to Nayana Rs. 150  
28<sup>th</sup> Paid electricity charges Rs. 200  
Paid wages to workers Rs. 500  
31<sup>st</sup> Paid Rent Rs. 100

8. From the following Trial Balance of Mr. Murthy and Sons as on 31<sup>st</sup> March 2015, prepare Final Accounts.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	—	30,000
Drawings	5,000	—
Sundry Debtors and Creditors	20,000	10,000
Loan on Mortgage	—	9,500
Interest on loan	300	—
Cash in hand	2,000	—
Provision for bad debts	—	700
Stock (1-4-2014)	6,800	—
Motor Vehicles	10,000	—
Cash at Bank	3,500	—
Land and Buildings	12,000	—
Bad debts	500	—
Purchases and Sales	66,000	1,10,000
Sales Returns and Purchase Returns	8,000	1,500
Carriage Outwards	2,500	—
Carriage Inwards	3,000	—
Salaries	9,000	—
Rent, Taxes and Insurance	3,000	—
Advertising	3,500	—
Discount	—	500
General Expenses	3,400	—
Bills Receivable and Bills Payable	6,000	2,000
Rent received	—	300
	<b>1,64,500</b>	<b>1,64,500</b>

**Adjustments :**

- a) Depreciate Land and Buildings at 2½% and Motor Vehicle at 20%.
- b) Salaries outstanding Rs. 700.
- c) Prepaid insurance Rs. 200.
- d) Provision for bad debts is to be maintained at 5% on sundry debtors.
- e) Closing stock is valued at Rs. 7,000.

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

Particulars	1-01-2014	31-12-2014
Cash in hand	1,100	1,725
Stock	6,000	10,000
Sundry Debtors	7,800	7,250
Bank overdraft	6,400	—
Bills payable	—	3,200
Bank balance	1,100	1,725
Sundry creditors	4,500	5,450
Machinery	15,000	15,000
Motor car	20,000	20,000

During the year he withdrew Rs. 2,000 and goods worth Rs. 500 for his personal use. He sold his private property for Rs. 25,000 out of which he introduced Rs. 10,000 as additional capital on 01-07-2014.

**Adjustments :**

- a) Depreciate machinery by 5% and write off Rs. 1,000 from motor car.
- b) Write off bad debts Rs. 300 and provide for doubtful debts at 5% on debtors.
- c) Create reserve for discount at 2% on creditors.
- d) Outstanding salary Rs. 500 and rent due but not received Rs. 1,200.
- e) Allow interest on capital at 5% including additional capital.

10. Enter the following transactions in a three column cash book.

**2013**

- Aug. 1<sup>st</sup> Balance of cash on hand Rs. 400; overdraft Rs. 5,000
- 4<sup>th</sup> Introduced cash Rs. 10,000 as further capital of which Rs. 5,000 was deposited into bank
- 5<sup>th</sup> Sold goods for cash Rs. 3,000
- 6<sup>th</sup> Collected from X Rs. 8,000 by cheque and allowed discount Rs. 200
- 10<sup>th</sup> Purchased goods for cash Rs. 2,000 and by cheque Rs. 3,000
- 11<sup>th</sup> Paid Rs. 2,500 by cheque and discount received Rs. 100
- 12<sup>th</sup> Paid commission to an agent Rs. 500
- 15<sup>th</sup> Purchased office furniture by cash Rs. 2,000
- 16<sup>th</sup> Rent paid Rs. 100
- 20<sup>th</sup> Drew a cheque for personal use Rs. 1,000
- 24<sup>th</sup> Cash sales Rs. 5,000
- 26<sup>th</sup> Collected from Y Rs. 4,000 in cash and deposited into bank the next day
- 28<sup>th</sup> Dividend received by cheque Rs. 100 and deposited into bank.