



SN – 360

I Semester B.B.M. Examination, Nov./Dec. 2013
(New Syllabus) (2012-13 and Onwards)
BUSINESS MANAGEMENT

1.3 : Fundamentals of Accounting

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

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

1. a) State any two different subsidiary books.
- b) Mention any two accounting conventions.
- c) Give the meaning of Single Entry system.
- d) State any two differences between statement of affairs and balance sheet ?
- e) What is meant by a Journal ?
- f) What is meant by Trade Discount ?
- g) Write any two objectives of preparing a cash book ?
- h) What is meant by error in principle ?
- i) Pass Journal entry for : Business commenced by Santosh with the following Assets Cash Rs. 10,000/- Land Rs. 25,000/- and Furniture Rs. 15,000/-.
- j) Name the two types of Petty Cash Book ?

P.T.O.



SECTION – B

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

2. Give a brief description of users of accounting information ? (any eight).
3. From the following data relating to AbhiRam who maintains books under single entry system you are required to ascertain the profit or loss for the year ended 31-3-2013.

	Rs.
Closing capital as on 31-3-2013	88,000
Drawings in cash during the year	8,800
Goods withdrawn for personal use	4,600
Additional capital introduced by sale of own house	12,000
Opening capital as on 1-4-2012	74,000
Salary to staff	1,000
Rent, rates and taxes	1,200
Debts irrecoverable	500
Depreciation on Fixed Assets	800

4. Pass journal entries to rectify the following errors :
 - a) An item of Rs. 8,880 spent on repairs to machinery has been wrongly debited to machinery account.
 - b) Office computer (Lap Top) purchased for Rs. 42,000/- has been wrongly posted to purchases.
 - c) An amount of Rs. 6,000/- withdrawn by proprietor has been debited to Miscellaneous Expenses Account.
 - d) A sum of Rs. 12,000/- received from Sharma credited to Varma.



5. Pass journal entries for the following transactions :

- a) Kaushal commenced business with a capital of Rs. 75,000/-
- b) Opened a bank account for Rs. 22,000/-
- c) Goods purchased for cash Rs. 10,000/-
- d) Sold goods to Harish Raju on credit Rs. 16,000/-
- e) Furniture purchased for Rs. 6,000/- and paid by cheque.
- f) Paid staff salary Rs. 3,500/- by cheque.
- g) Received from Harish Raju Rs. 15,900 in full settlement.
- h) Provide depreciation on furniture Rs. 200 .

SECTION – C

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

6. 1-12-12 Abhishek Commenced business with a capital of – Cash in hand Rs. 1,75,000/- Bank balance Rs. 45,000/- Machinery Rs. 50,000 Building Rs. 20,000/-, Furniture Rs. 10,000/- Creditors Rs. 15,000/- Bills payable Rs. 5,000.
- 5-12-12 Goods purchased on credit from Shekhah Rs. 45,000/-
- 6-12-12 Sold goods to Mahima on credit Rs. 60,000/-
- 8-12-12 Cheque received from Mahima for Rs. 58,000/- in full settlement of her account and deposited the cheque on the same day.
- 12-12-12 Furniture purchased for Rs. 8,000/- and paid by cheque.
- 15-12-12 Paid by cash towards wages Rs. 2,500/-
- 18-12-12 Goods sold for cash Rs. 3,000/-
- 26-12-12 Deposited into Bank Rs. 2,000/-
- 31-12-12 Paid salary to staff Rs. 2,500/- by cheque
- 31-12-12 Paid Office Rent by cheque Rs. 1,500/-

Prepare Capital a/c, Cash a/c, Bank a/c, Sales a/c and Mahima's a/c.



7. From the following information prepare a Bank Reconciliation statement as on 30-9-13.

- 1) Bank balance as per cash book Rs. 86,000/-.
- 2) Cheques amounting to Rs. 66,000/- deposited into Bank but only Rs. 44,000/- has been collected and credited to account up to 30-9-13.
- 3) Bank credited interest on investments Rs. 6,000/- but not entered in cash book.
- 4) Cheque issued to Rama Rao for Rs. 45,000/- but not yet presented for payment upto 30-9-13.
- 5) Bank charges debited Rs. 2,500/- only in pass-book.
- 6) Direct deposit of cheque by a customer for Rs. 5,000/- into Bank.
- 7) Cheque dishonoured for Rs. 23,000/- Debited in pass book only.

8. From the following particulars of Mr. Shashankh who maintains books under single entry, ascertain the profit or loss for the year ended 31-03-2013.

Particulars	1-4-2012	31-3-2013
	Rs.	Rs.
Cash	3,750	6,250
Stock	37,500	50,000
Debtors	31,250	40,000
Bills Receivable	12,500	10,000
Investments	7,500	12,500
Premises	50,000	50,000
Land	12,500	12,500
Machinery	31,250	31,250
Creditors	22,500	25,000
Bank overdraft	15,000	18,750
Bills payable	7,500	6,250

During the year he withdrew Rs. 12,500/- for personal use and introduced Rs. 8,750/- as fresh capital.

**Adjustments :**

- a) Appreciate premises and land by 10%
- b) Depreciate machinery by 5%
- c) Bad debts written off Rs. 625/-
- d) Rent Rs. 2,000/- is still payable
- e) Prepaid salary Rs. 1,500/-
- f) Commission earned but not received Rs. 1875/-

9. Following balances were extracted from the books of Mr Adisheshaiah a sole trader. You are required to prepare final accounts for the year ended 31-3-2012.

Particulars	L.F.	Dr.	Cr.
		Rs.	Rs.
Adisheshaiah's Capital			1,00,000
Cash in hand		313	
Furniture		5,000	
Cash @ Bank		3,875	
Creditors		—	10,000
Buildings		25,000	
Opening Stock on 1-4-2012		20,375	
Debtors		25,000	
Repairs to machinery		2,500	
Purchases and sales		1,00,000	1,88,125
Carriage on sales		1875	
Wages		18,750	



Discount received		500
Rates and Insurance	250	
Trade expenses	9,200	
Miscellaneous expenses	2,300	
Carriage Inwards	10,000	
Water and electricity	2,500	
Machinery	62,500	
Advertising	6,750	
Rent and Taxes	5,625	
Bills Receivable	6,250	
Loan from Bank		9,438
Total	3,08,063	3,08,063

Additional Information :

- Provide Depreciation at 3% on buildings, 10% on machinery and 5% on Furniture.
- Closing stock on 31-3-2012 Rs. 18,625/-
- Outstanding salaries Rs. 1,250/-
- Provide for bad and doubtful debts Rs. 625/-



10. Enter the following transactions in the cash book. With cash, Discount and bank columns :

- | | |
|-----------|---|
| 1-8-2012 | Balance of cash in hand Rs. 16,000/- and at bank Rs. 8,800/- |
| 4-8-2012 | Invested further capital Rs. 10,000/- out of which Rs. 3,000/- deposited into Bank. |
| 5-8-2012 | Goods sold for cash Rs. 12,000/- |
| 6-8-2012 | Drew a cheque for Rs. 3,000/- for personal use |
| 12-8-2012 | Paid to Prasad (creditor) Rs. 2,000/- by cash and discount allowed by him Rs. 125/- |
| 16-8-2012 | Goods purchased for cash Rs. 10,000/- |
| 18-8-2012 | Paid for wages by cash Rs. 2,250/- |
| 21-8-2012 | Cheque received from Ajay for Rs. 12,950/- in settlement of his account for Rs. 13,000/- and deposited into bank on the same day. |
| 26-8-2012 | Drew a cheque for Rs. 2,000/- for office use. |
| 31-8-2012 | Paid Rent Rs. 2,000/- and staff salary Rs. 1,000/- by cheque. |
-