



SN – 386

I Semester B.B.M. Examination, November/December 2014

(Semester Scheme) (CBCS)

(Fresh) (2014-15 & Onwards)

BUSINESS MANAGEMENT

1.3 : Fundamentals of Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

(5×2=10)

Answer **any five** questions. **Each** question carries **two** marks.

1. a) State any two limitations of accounting.
- b) Give the meaning of accounting conventions.
- c) Why trial balance is prepared ?
- d) Mention the rules of accounting.
- e) What is Journal proper ?
- f) Why Balance Sheet is prepared ?
- g) State any two non-cash incomes and expenses.



SECTION – B

(3×6=18)

Answer **any three** questions. **Each** question carries **six** marks.

2. Explain the concepts of accounting.
3. Write a brief note on the following :
 - a) Statement of affairs.
 - b) Statement of profit or loss.
 - c) Revised statement of affairs.

P.T.O.



4. Record the following transactions in the three column cash book of Mr. Naresh on 28 Feb., 2014.

- a) Balance brought forward from the previous day cash in hand ₹ 100 and at bank ₹ 8,000.
- b) Instructed the bank to issue a bank draft for ₹ 5,000 in favour of Suresh. The bank charged ₹ 10 for issuing bank draft.
- c) Received a bankdraft for ₹ 5,760 from Mahesh in full settlement of ₹ 6,000 due from him. Sent the draft to the bank.
- d) Received a cheque from Mr. Rakesh for ₹ 2,000. Allowed him discount of ₹ 120.
- e) Endorsed Rakesh's cheque in favour of Harish.
- f) Sent a cheque for ₹ 50 in payment of school fees of Naresh's son.
- g) Withdrew ₹ 500 from bank.
- h) Placed an order with Vikas for goods of the value of ₹ 1,000 and sent cheque for ₹ 1,000 with the order.

5. Journalise the following transactions in the books of Mr. Gagan.

- a) Received ₹ 975 from Hari in full settlement of his account for ₹ 1,000.
- b) Received ₹ 975 from Shayan on his account for ₹ 1,000.
- c) Received first and final dividend of 60 paise in the rupee from the official receiver of Mr. Rajan who owed us ₹ 1,000.
- d) Paid ₹ 480 to Mohan in full settlement of his account of ₹ 500.
- e) Paid ₹ 480 to Sohan on his account for ₹ 500.





6. On 31 March, 2014 Ramesh's pass book had a credit balance of ₹ 10,000. Following facts were disclosed on comparison of pass book with cash book.

- a) Cheques of ₹ 8,000 were issued but cheques of ₹ 3,000 were presented for payment.
- b) A cheque of ₹ 1,000 received from a customer which is recorded in cash book only.
- c) Bank credited ₹ 300 for interest.
- d) Bank debited ₹ 200 for expenses.
- e) Cheques of ₹ 2,000 and ₹ 3,000 were sent to Bank but out of them cheque of ₹ 2,000 was credited upto 31 March 2014.

Prepare Bank Reconciliation Statement.

SECTION – C

(3×14=42)

Answer **any three** questions. **Each** question carries **fourteen** marks.

7. Journalise the following transactions in the books of Mr. Rakesh.

April 2014, 1 Mr. X commenced business with cash ₹ 60,000

- 4 Purchased Furniture ₹ 22,000
- 5 Bought goods for cash ₹ 24,000
- 8 Purchased goods from Dinesh ₹ 40,000
- 12 Sold goods on credit to Prakash ₹ 10,400
- 16 Received from Prakash on account ₹ 4,800
- 20 Sold goods for cash ₹ 5,200 to Ramesh
- 21 Paid to Mr. Dinesh on account 12,000



- April 2014, 27 Withdrew cash for personal use ₹ 500
- 28 Paid to Mr. Dinesh on account ₹ 16,000
- 29 Brought in further capital ₹ 10,000
- 30 Rent due but not paid ₹ 520
- 30 General expenses paid ₹ 250
- 30 Salary paid to a clerk ₹ 1,200.



8. The following is the Trial Balance of Mr. Mahesh as on 31-3-2014.
Prepare P&L A/c and Balance Sheet.

Particulars	Dr.	Cr.
	₹	₹
Opening Stock	10,000	—
Purchases	1,80,000	—
Wages	3,000	—
Sales	—	2,05,000
Salaries	6,600	—
Rent @ 250 p.m.	2,750	—
Electricity expenses	550	—
Trade expenses	1,500	—
Interest on loan	900	—
Commission	200	—
Machinery	29,000	—
Furniture	5,000	—



Debtors	10,500	—
Building	30,000	—
10% loan	—	10,000
Creditors	—	15,000
Capital	—	55,000
Drawings	5,000	—
	2,85,000	2,85,000

**Additional information :**

- Provide for depreciation at 10% on machinery and 5% on furniture.
 - Provide for bad and doubtful debts @ 5% on debtors.
 - There is an outstanding wages of ₹ 2,000.
 - Salary paid in advance ₹ 600.
9. Mr. Prakash keeps his books on single entry system. The following information is supplied to you.

	31-3-13	31-3-14
Bank overdraft	5,000	6,000
Furniture	10,000	10,000
Plant and Machinery	40,000	40,000
Land and Buildings	60,000	60,000



Investments	—	10,000
Sundry Debtors	25,000	35,000
Sundry creditors	30,000	40,000
Stock	40,000	45,000
Motor Car (1-10-13)	—	20,000
Cash in hand	5,000	10,000

During the year, he withdrew ₹ 15,000 for personal use. On 1-8-14 he introduced further capital ₹ 12,000.

Additional information :

- Depreciate P&M, Furniture and Motor Car by 10% p.a.
- Appreciate L & B by 20%
- Allow interest on capital 12% p.a.
- Rent prepaid ₹ 1,000.

✓ Prepare statement showing profit or loss as on 31-3-14 and Revised statement on that date.

10. Record the following transactions of January 2014 in analytical and simple petty cash book.

Jan. 1 received from head cashier ₹ 300; Jan. 2, postage ₹ 65; Jan. 3 paid charges ₹ 15; Jan. 4, paid xerox charges ₹ 10; Jan. 5, paid for telegram ₹ 20; Jan. 6, paid for envelopes ₹ 12; Jan. 7, tips to servants ₹ 30; Jan. 8 purchased stationery ₹ 20; Jan. 9, paid printing expenses ₹ 15; Jan. 10, paid ₹ 15 as bank charges, Jan. 11, paid auto charges ₹ 15; Jan. 12, Bus fare ₹ 10; Jan. 13, paid cartage ₹ 20; Jan. 30 paid for miscellaneous expenses ₹ 20.



11. From the following information prepare Debtors A/c, Creditors A/c, B/R A/c and B/P A/c.

Debtors on 1-1-14	22,125	Payment to creditors	46,670
Creditors on 1-1-14	13,455	Discount by creditors	645
B/R on 1-1-14	8,000	Return outwards	780
B/P on 1-1-14	2,500	B/R issued	14,400
Credit sales	1,03,155	B/P accepted	9,600
Credit purchases	56,215	Cash received against B/R	15,000
Cash received from debtors	86,125	Cash paid against B/P	7,000
Discount allowed	870		
Bad debts	1,275		
Returns from debtors	1,725		

