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BBMBMC 105

**Credit Based First Semester B.B.M. Degree Examination, Oct./Nov. 2014
(2012-13 Batch Onwards) (NS)
ACCOUNTING – I**

Time : 3 Hours

Max. Marks : 80

- Note :** i) A single answer booklet containing **40** pages will be **issued**.
No additional sheets will be issued.
ii) Show working notes **wherever** necessary.

SECTION – A

(One mark each)

1. Answer **any ten** of the following questions in **one** or **two** sentences **each** : **(1×10=10)**
- Give any two examples for nominal account.
 - Name any two accounting conventions.
 - What is cash discount ?
 - What do you mean by matching concept ?
 - What is trade discount ?
 - What is the treatment for “goods lost by fire” in final accounts ?
 - What is Journal Proper ?
 - State any two causes of depreciation.
 - Why trial balance is prepared ?
 - Give one example for compensating error.
 - What is the nature of cash book ?
 - Name the basic documents for an entry in the Purchases Returns and Sales book.

P.T.O.



SECTION – B
(Five marks each)

Answer **any five** of the following :

(5×5=25)

2. Define accounting. Explain the functions of accounting.
3. Explain the different types of accounting errors.
4. Write out the account of Mr. Suresh from the following transaction for the month May, 2014 :

Date	Transactions
01-05-2014	Sold him goods worth ₹ 900.
04-05-2014	Received from him ₹ 350 on account, allowed discount ₹ 10.
07-05-2014	Purchased from him goods worth ₹ 200.
09-05-2014	Returned him goods worth ₹ 25.
15-05-2014	Received from him further cash ₹ 100.
16-05-2014	Sold him goods worth ₹ 100.
21-05-2014	He returned goods ₹ 25.
23-05-2014	Sent him cash ₹ 125.
26-05-2014	Purchased from him goods worth ₹ 125.

5. Enter the following transactions in analytical petty cash book under imprest system.

Date	Transactions
01-02-2014	Received a cheque for ₹ 150 to begin with.
03-02-2014	Spent for postage ₹ 10.
08-02-2014	Paid travelling expenses of manager ₹ 15.
11-02-2014	Paid for office cleaning ₹ 13.
14-02-2014	Paid cartage ₹ 11.



- 16-02-2014 Paid for telegrams ₹ 14.
- 18-02-2014 Tea of customers ₹ 16.
- 20-02-2014 Paid wages ₹ 12.
- 23-02-2014 Purchased stationery ₹ 14.
- 25-02-2014 Bought postage stamps ₹ 16.
- 28-02-2014 Trunk call bill ₹ 9.

6. A company acquires lease on January, 1st 2009 for a term of 5 years of payment of ₹ 25,000. It is proposed to depreciate the lease by Annuity method, charging 5% interest. As per Annuity tables, the amount to be written off annually amounts to ₹ 5,774.37.

Show the :

- i) Lease Account and
- ii) Interest Account for five years.

7. Prepare the Trial Balance from the following balances for the year ending 31st March, 2014 :

Particulars	₹	Particulars	₹
Capital	28,000	Purchases	15,000
Stock of goods	4,000	Plant	15,000
Motor Car	8,000	Furniture	5,000
Discount Received	400	Wages	8,200
Bad debts	400	Creditors	6,500
Sales	40,000	Salaries	2,800
Cash at Bank	4,000	Commission (credit)	600
Return inwards	2,000	Return outwards	1,000
Cash in hand	600	Debtors	5,600
Rent	3,500	General expenses	300
Discount allowed	300	Interest received	200
Carriage	1,500	Advertisement	500



8. Enter the following transactions in the purchases return book for the month June, 2014 :

- 02-06-2014 Returned goods worth ₹ 500 to Dev and Company Mangalore.
 15-06-2014 Goods worth ₹ 250 to Sharma and Co. Mumbai.
 20-06-2014 Allowance claimed from Rahul, Kalyanpur for shortage ₹ 150.
 24-06-2014 Returned goods worth ₹ 75 to Khan and Brothers, Mangalore.

SECTION – C
 (Fifteen marks each)

(15×3=45)

Answer **any three** of the following :

9. From the Trial Balance and other particulars given below, you are required to prepare Trading and Profit and Loss Account for the year ending 31-03-2014 and Balance Sheet as on that date :

Particulars	Debit (₹)	Credit (₹)
Capital and Drawings	6,820	93,230
Purchases and Sales	83,290	1,26,177
Debtors and Creditors	47,800	22,680
Returns	7,422	3,172
Wages	9,915	—
Manufacturing Expenses	2,500	—
Stock on 01-04-2013	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	-
Fixture and Fitting	1,720	-
Bills payable	-	6,422
Travelling Expenses	925	-
Cash in hand	68	-
Cash at Bank	2,425	-
Rent and Taxes	1,765	-
Office Expenses	2,778	-
Discount Allowed	422	-
Insurance	570	-
	2,51,681	2,51,681

Adjustments :

- a) Stock on 31-03-2014 ₹ 16,580.
 - b) Insurance prepaid ₹ 70.
 - c) Wages outstanding ₹ 800, Salaries ₹ 350 and Rent ₹ 150.
 - d) Depreciate Plant and Machinery by 5% and Fixtures and Fitting by 10%.
10. Enter the following transactions in a cash book with cash, discount and bank columns and balance the cash book on 31st March, 2014 :
- 01-03-2014 Balance of cash on hand ₹ 400, Bank Overdraft ₹ 5,000.
 - 04-03-2014 Introduced cash ₹ 10,000 as further capital of which ₹ 5,000 deposited into bank.
 - 05-03-2014 Sold goods for cash ₹ 3,000.
 - 06-03-2014 Collected from Ravi ₹ 8,000 by cheque and allowed discount ₹ 200.
 - 10-03-2014 Purchased goods for cash ₹ 2,000 and by cheque ₹ 3,000.
 - 11-03-2014 Paid Rao ₹ 2,500 by cheque and discount received ₹ 100.



- 12-03-2014 Paid commission to an agent ₹ 500.
- 15-03-2014 Purchased office furniture by cash ₹ 2,000.
- 16-03-2014 Rent paid ₹ 100.
- 17-03-2014 Drew a cheque for personal use ₹ 1,000.
- 18-03-2014 Cash sales ₹ 5,000.
- 20-03-2014 Collected from Yasim ₹ 4,000 and deposited into the next day.
- 23-03-2014 Dividend received by cheque ₹ 100 and deposited into bank.
- 28-03-2014 Paid office salaries by cheque ₹ 2,000.
- 29-03-2014 Deposited cash into bank ₹ 7,000.

11. Cash book of Merchant shows a balance of ₹ 30,000 in his bank account on 31st March 2014. But his pass book showed a different figure. On verification he traced the following :

- a) A cheque of ₹ 1,200 deposited on 29th March, 2014 was collected on 30th April, 2010.
- b) The cheque for ₹ 1,500 issued on 26th March, 2014 was paid by the banker on 2nd April, 2014.
- c) The bankers have credited ₹ 250 as interest on his deposits but was not found in cash book.
- d) Bankers collected ₹ 600 as dividend on his shares but it was not entered in the cash book.
- e) As per standing instructions the banker paid ₹ 2,000 as rent for the building but the same were not recorded in the cash book.
- f) A cheque for ₹ 5,000 were deposited into the bank but the banker credited the bank account with ₹ 4,900 only.
- g) There was a wrong debit of ₹ 300 in the pass book.
- h) ₹ 1,500 paid in cash to a creditor were wrongly entered in bank column of cash book.



12. Journalise the following transactions in the books of Shailraj for the month of April, 2014 :

- 01-04-2014 Commenced business with ₹ 20,000.
 - 03-04-2014 Opened SB A/c with Karnataka Bank ₹ 5,000.
 - 06-04-2014 Sold goods to Sumana on Credit ₹ 1,300.
 - 08-04-2014 Bought goods on credit from Sowmya ₹ 1,000.
 - 10-04-2014 Paid Travelling expenses ₹ 40.
 - 12-04-2014 Received an amount of ₹ 2,500 from Shilpa.
 - 15-04-2014 Returned goods of Sowmya ₹ 150.
 - 18-04-2014 Received commission from Subramanya ₹ 350.
 - 19-04-2014 Paid Life Insurance premium ₹ 350.
 - 22-04-2014 Bought furniture worth ₹ 750.
 - 23-04-2014 Sold goods to Thantry ₹ 400.
 - 25-04-2014 Paid Carriage ₹ 15.
 - 26-04-2014 Paid Salary to manager ₹ 1,500.
 - 27-04-2014 Withdrew cash from office for personal use ₹ 500.
 - 28-04-2014 Sold goods ₹ 400.
 - 30-04-2014 Bought goods ₹ 600.
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