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BBMBMC 105

**Credit Based First Semester B.B.M. Degree Examination, Oct./Nov. 2013
(2012-13 Batch Onwards) (NS)
ACCOUNTING – I**

Time : 3 Hours

Max. Marks : 80

- Note:** 1) A single answer booklet containing **40** pages will be issued.
No additional sheets will be issued.
2) 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)
- What is journalising ?
 - What is contra entry ?
 - What is two sided error ?
 - How would you treat "free sample distributed" in final accounts ?
 - What do you mean by computerised accounting system ?
 - Give the meaning of Bills Receivable Book.
 - What are two important methods of preparing the trial balance ?
 - What is depreciation ?
 - Give the components of cost of goods sold.
 - What is the other name of subsidiary book ?
 - What are accounting concepts ?
 - Mr. Rajesh has cash Rs. 20,000, bank balance Rs. 16,000 and machinery Rs. 40,000 and bills payable Rs. 18,000. Find out his capital.

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SECTION – B
(5 marks each)

Answer **any five** of the following :

(5×5=25)

2. Explain the accounting conventions.
3. Describe the classification of errors on the basis of the effect of the errors on the agreement of the trial balance.
4. From the following information, show the accounts of Akash as it would appear in the ledger of Mr. Abhay.

2012

- Dec. 1 Credit balance b/d Rs. 5,000
 " 5 Bought goods from Mr. Akash Rs. 1,300
 " 10 Returned goods worth Rs. 320 to Mr. Akash
 " 12 Sold goods for Rs. 1,500 to Mr. Akash
 " 25 Received goods returned by Mr. Akash valued at Rs. 90
 " 30 Paid Mr. Akash Rs. 4,520
 " " Discount allowed by him Rs. 50.

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

2013

- March 1 Received a cheque for Rs. 400 to begin with
 March 1 Paid wages Rs. 60
 " 2 Spent for postage Rs. 20
 " 5 Paid travelling expenses of manager Rs. 40
 " 6 Paid for office cleaning Rs. 30
 " 8 Paid cartage Rs. 24
 " 10 Paid for telephone Rs. 30
 " 13 Tea to customers Rs. 30



- " 15 Paid wages Rs. 10
- " 19 Purchased stationery Rs. 30
- " 24 Bought postage stamps Rs. 20
- " 30 Telephone charges paid Rs. 20

6. A company took on lease a property on 1st Jan. 2008 for a term of 5 years by payment of Rs. 50,000. It is proposed to depreciate the lease by annuity method charging 5% interest. Assuming the annuity of Re. 1 for 5 years at 5% to be 0.230975. Show the lease account for 5 years.
7. From the following balances, prepare a trial balance.

	Rs.
Premises	6,000
Machinery	1,700
Bad debts	280
Return outwards	260
Cash	40
Discounts received	300
Bank overdraft	1,000
Creditors	5,000
Purchases	10,000
Capital	7,360
Fixtures	560
Sales	10,400
Debtors	6,000
Interest (received)	260



8. Enter the following transactions in the sales book of Avinash.

2013

Jan.	1	Sold to Kartik subject to a discount of 10% Rs. 50,000
"	5	Sold furniture on credit to Suraj Rs. 40,000
"	8	Srinidhi purchased goods from us Rs. 25,000
"	19	Sold goods to Sripathi worth Rs. 46,000 for cash
"	20	Sold goods to Shashi Rs. 30,000 less 5%
"	26	Arun bought goods from us Rs. 37,000.

SECTION – C

(15 marks each)

Answer **any three** of the following :

(15×3=45)

9. From the following trial balance of Santhosh as on 31-12-2012. Prepare Final Accounts after taking into account the adjustments given below :

	Dr. (Rs.)	Cr. (Rs.)
Capital account	—	1,20,000
Drawings account	15,000	—
Bills receivable	22,000	—
Machinery	20,000	—
Debtors and Creditors	60,000	58,000
Wages	39,000	—
Purchases and Sales	2,52,000	3,55,000
Commission	—	5,500
Rent and taxes	6,000	—
Stock on 1-1-2012	90,000	—
Salaries	10,500	—



Travelling expenses	2,000	—
Insurance	600	—
Repairs	3,400	—
Bad debts	3,500	—
Furniture	9,000	—
Returns	5,000	2,000
Cash in hand	500	—
Cash at Bank	2,000	—
	5,40,500	5,40,500

Adjustments:

- 1) Stock on hand on 31-12-2012 was Rs. 1,00,000.
 - 2) Create 5% provision for doubtful debts.
 - 3) Prepaid insurance amounts to Rs. 100.
 - 4) Commission earned but not received amounts to Rs. 500.
 - 5) Wages and salaries are unpaid to the extent of Rs. 1,000 and Rs. 1,500 respectively.
 - 6) Depreciate machinery by 5% and furniture by 10% per annum.
10. Enter the following transactions in three column cash book of Naveen traders.

2013

- | | | |
|------|---|--|
| Jan. | 1 | Balance of cash in hand Rs. 8,000 and in Bank Rs. 20,000 |
| " | 2 | Received cash from Mohan Rs. 2,000 and allowed him discount Rs. 30 |
| " | 3 | Paid into Bank Rs. 4,000 |
| " | 4 | Paid to K. J. Bhandari and Co. by cheque Rs. 640 in full settlement of their account for Rs. 680 |
| " | 5 | Received from cash sale, cash Rs. 275 and cheque Rs. 225 |
| " | 6 | Paid for cash purchases by cheque Rs. 645 |
| " | 7 | Paid by cheque to Radha and Co. Rs. 925 in full settlement of Rs. 950 |



- " 10 Drew for office use Rs. 900 and Rs. 100 for personal use
- " 11 Paid cash for advertisement Rs. 120
- " 15 Paid salaries to staff by cheque Rs. 1,550
- " 20 Paid rent to landlord Ramesh Rs. 400
- " 25 Purchased by cheque, office furniture worth Rs. 450
- " 30 Received a cheque of Rs. 580 from Maya Rao and Co. in full settlement of their account for Rs. 620.

11. Prepare a Bank Reconciliation Statement from the following particulars.

Bank overdraft as per cash book Rs. 8,000

Cheque deposited into Bank but no entry was passed in cash book Rs. 300

Cheque received but not sent to bank Rs. 1,000

Credit side of bank column cash short Rs. 100

Insurance premium directly paid by bank understanding advice Rs. 500

Bank charges entered in cash book twice Rs. 10

Cheques returned back, but no entry passed Rs. 400

Cheques "issued" returned back on account of technical grounds Rs. 300

Bills directly collected by Bank Rs. 2,000

Bank charges debited by Bank Rs. 12

Cheques received entered twice Rs. 500

Bills discounted dishonoured Rs. 4,000.

12. Journalising the following transactions in the books of Raveesh.

2013

- April 1 Commenced business with cash Rs. 20,000
- " 2 Purchased goods from Ravi Rs. 5,000
- " 3 Bought office furniture for cash Rs. 8,000
- " 5 Sold goods to Kartik Rs. 7,500



- " 8 Returned to goods to Ashok Rs. 500
 - " 9 Paid salaries Rs. 1,500
 - " 12 Prashanth returned goods Rs. 950
 - " 13 Amar withdrew for personal use Rs. 1,200
 - " 16 Received commission Rs. 150
 - " 17 Cash withdrawn for personal use Rs. 1,450
 - " 21 Received from Ananth on account Rs. 2,500
 - " 23 Drew a cheque for personal use Rs. 800
 - " 24 Paid wages Rs. 2,300
 - " 25 Appointed Mr. Sathish as manager with a monthly salary of Rs. 5,000 per month
 - " 30 Received a crossed cheque from Ramesh for Rs. 6,000.
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