Roll No.
Total No. of Pages : 03
Total No. of Questions : 08

# M.Sc. (Fashion Marketing Management) (2018 Batch) <br> PRINCIPLES OF ACCOUNTING Subject Code : MSFMM108-18 (Non core) <br> M.Code : 75291 

(Sem.-1)

Time : 2 Hrs.
Max. Marks: 30

## INSTRUCTIONS TO CANDIDATES :

1. Attempt any FIVE question(s), each question carries 06 marks.
2. What is double entry system? Discuss the advantages and disadvantages of this system.
3. Briefly explain the various forms of business organizations.
4. Mr. Sadanand operates two bank accounts both of which are maintained in the columnar Cash Book itself. You are required to draw up the cash book and show how the following transactions relating to 28 Feb., 2015 will appear therein and close Cash Book for the day.
a) Opening balance :

Cash Rs. 150; National Bank Rs. 11240(O/D); Overseas Bank Rs. 35,460
b) Received cheque for Rs. 1250 in respect of sales for realising which the National Bank charged Rs. 1.50 and credited the balance.
c) Purchased goods for Rs. 13,210 and a cheque issued on the Overseas Bank, the Bank charged Rs. 3 for collection of the cheque to the concerned party.
d) Paid office expenses : Rs. 45 and Rs. 15.50 for stationery.
e) Out of cash sales of Rs. 13,265 a sum of Rs. 10,000 was deposited in the National Bank.
f) Credit purchases of Rs. 15,000 were made from Mr. Smith who sent the documents relating to the goods through Overseas Bank for 90 percent of their value.
g) Deposited Rs. 5,000 in National Bank.
h) A "Bill Receivable" for Rs. 10,000 was discounted with Overseas Bank which charges 1 percent towards discounting.
i) Withdrew Rs. 5,000 from Overseas Bank.
j) A demand draft was purchased for Rs. 3,000 from a bank after paying Rs. 2 towards their charges and paid to the Electricity Department as deposit.
k) Interest of Rs. 122 and Rs. 50 was credited and debited respectively by the Overseas Bank and National Bank.

1) An amount of Rs. 1500 was withdrawn from Overseas Bank and salaries paid to that extent.
m) Manager's salary of Rs. 1000 was paid by cheque drawn on the National Bank.
n) Overseas Bank collected dividends of Rs. 1250 and sent a credit note.
o) An amount of Rs. 1500 was transferred from the Overseas Bank to the National Bank.
4. Prepare Ledger Accounts from the following transactions in the books of Imran :

| 2015 |  | Rs. | 2015 |  | Rs. |
| :---: | :---: | :---: | :---: | :---: | :---: |
| June |  |  | June |  |  |
| 1 | Started business with cash | 45,000 | 21 | Withdrew from bank for private use | 1,000 |
| 1 | Paid into bank | 25,000 | 21 | Withdrew from bank for use in business | 5,000 |
| 2 | Goods purchased for cash | 15,000 | 25 | Paid telephone rent for one year | 400 |
| 3 | Purchase of furniture and payment by cheque | 5,000 | 28 | Cash paid to Amrit Lai in full settlement of his account | 5,940 |
| 5 | Sold goods for cash | 8,500 | 30 | Paid for stationery | 200 |
| 8 | Sold goods to Arvind Walia | 4,000 | 30 | Rent | 1,000 |
| 10 | Goods purchased from Amrit Lai | 7,000 | 30 | Salary to staff | 2,500 |
| 12 | Goods returned to Amrit Lal | 1,000 |  |  |  |
| 15 | Goods returned by Amrit Walia | 200 |  |  |  |
| 18 | Cash received from Arvind Walia and discount allowed to him 40 | 3,760 |  |  |  |

5. Following are the balances in the Ledger of Mr. Suresh for the year ended $31^{\text {st }}$ March, 2015 :

| Discounts (Dr.) | 2,500 | Advertisement | 12,000 |
| :--- | ---: | :--- | ---: |
| Carriage inwards | 10,200 | Miscellaneous Expenses | 3,300 |
| Rent, Taxes\& Rates | 13,300 | Interest paid | 10,792 |
| Printing, and Stationery | 2,600 | Fuel and Coal | 14,200 |
| Purchase of raw materials | $3,59,800$ | Factory power | 25,000 |
| Sales |  | Insurance (fire) | 1,760 |
| (Inclusive of sales taxes 20,000) | $5,80,000$ | Staff Salaries | 13,800 |
| Opening stock of raw materials | $1,24,000$ | Electricity | 2,500 |
| Opening stock of finished goods | 63,800 | Bad Debts | 6,080 |
| Factory wages | 59,700 | Depreciation on plant \& |  |
|  |  | Machinery | 11,690 |
| Cash subsidy on purchases | 10,000 | Depreciation on Furniture \& |  |
|  |  | Fixture | 2,860 |
| Carriage outwards | 12,400 | Sale of scrap | 3,000 |

Prepare Manufacturing, Trading and Profit and Loss account for the year ended $31^{\text {st }}$ March, 2015. Stock as at 31-3-2015 was Raw materials 46,900 and Finished Goods Rs. 1,52,300.
6. Show how the following balances and adjustments will appear in the final accounts.

|  | Dr. (Rs.) | Cr. (Rs.) |
| :--- | ---: | ---: |
| Capital | - | $1,00,000$ |
| Drawings | 20,000 |  |
| Bad Debts | 1,200 |  |
| Sundry Debtor | 20,500 |  |
| Provision for Doubtful Debts |  | 2,000 |
| Salaries Outstanding | 200 | 1,000 |
| Prepaid Insurance |  | 500 |
| Interest on Investment Account |  | 400 |
| Commission Received in advance |  |  |

Adjustments :
a) Further Bad Debts Rs. 500;
b) Make provision for doubtful debts @ $5 \%$ on sundry Debtor;
c) Interest on Capital Rs. 10,000
d) Interest on Drawings Rs. 1,000 .
7. Discuss Accounting as an information system.
8. Define Accounting. Explain objectives and limitations of accounting.

Note: Any student found attempting answer sheet from any other person(s), using incriminating material or involved in any wrong activity reported by evaluator shall be treated under UMC provisions.

Student found sharing the question paper(s)/answer sheet on digital media or with any other person or any organization/institution shall also be treated under UMC.

Any student found making any change/addition/modification in contents of scanned copy of answer sheet and original answer sheet, shall be covered under UMC provisions.

