

L15

SARDAR PATEL UNIVERSITY
F. Y. B.B.A. (General) (First Sem.) (CBCS) EXAMINATION
2010
Thursday, 18th November
2.30 p.m. to 5.30 p.m.

UM01CBBA02 : ACCOUNTING FOR MANAGEMENT

Max. Marks : 60

- Note :**
1. Answers of all the questions (including multiple choice questions) should be written in the provided answer book only.
 2. Figures to the right indicate full marks.

- Q.1 (a) Define "Accounting". State main objectives of Accounting. [05]
 (b) Classify the following under the heading of Personal, Real and Nominal Accounts and state on which side of the ledger you would expect to find the balances. [05]
- | | |
|--------------------------------------|---------------|
| (1) Stock | (2) Rent paid |
| (3) Sarvesh & Co; -supplier of goods | (4) Capital |
| (5) Bank overdraft | |
- (c) Distinguish between : [05]
- (1) Capital Expenditure V/s Revenue Expenditure
 - (2) Reserves V/s Provisions

OR

- Q.1 (a) Give the meaning of the following terms : [04]
- | | |
|------------------|----------|
| (1) Purchase | (2) Loss |
| (3) Depreciation | (4) Gain |
- (b) State the golden rules of Debit and Credit. [03]
 (c) Explain the scope of Accounting. [05]
 (d) Match the items in 'A' with appropriate items in 'B' [03]

| A | B |
|-----------------|---|
| (1) Goods | (a) An excess of assets over liabilities |
| (2) Cost | (b) Properties of every description belonging to a trader |
| (3) Liabilities | (c) Articles purchased for re-sale |
| (4) Transaction | (d) The price paid for something |
| (5) Capital | (e) Dealing between two or more persons |
| (6) Assets | (f) Debts owing to others by the trader |

- Q.2 (a) Enlist International Financial Reporting standards. [05]
 (b) "Revenue is generally recognized at the time of sale". Elaborate. [05]
 (c) Prepare the accounting equation for the following transactions : [05]
- (1) Mr. X started business with cash Rs. 30000.
 - (2) Bought Building from Mr. Ajay Rs. 20000.
 - (3) Bought goods for cash Rs. 5000.
 - (4) Cash paid into bank Rs. 10000.
 - (5) Received commission of Rs. 3000.

OR

- Q.2 (a) Discuss the importance of 'Accounting Standards'. [05]
 (b) Explain 'business entity concept'. [05]
 (c) Explain convention of 'Consistency'. [05]

- Q.3 (a) Journalise the following transactions in the journal of M/s Vijay Brothers: [11]
- 2010
- Oct. 1 Vijay commenced business with cash Rs. 50000.
 - Oct. 3 Opened bank account with the 'Bank of Baroda' by depositing Rs. 20000
 - Oct. 5 Purchased goods worth Rs. 3000 from Mr. Kavi.
 - Oct. 7 Gave a cheque to a friend in exchange of cash Rs. 2000.
 - Oct. 9 Purchased from Mr. Ashutosh Machinery worth Rs. 10000. Payment made by cheque.
 - Oct. 10 Paid Installation charges for installing the above purchased Machinery Rs. 2000.
 - Oct. 12 Paid insurance premium to Globe Insurance Company Rs. 500.
 - Oct. 15 Exchanged a cycle worth Rs. 2500 for one typewriter of the same value.
 - Oct. 22 Furniture purchased from Mrs. Trusha for Rs. 1000.
 - Oct. 30 Goods worth Rs. 5000 insured with Globe Insurance Company were burnt by fire. Received a cheque from Globe Insurance Company for the loss.
 - Oct. 31 Settled Mr. Kavi's account for Rs. 3000 by giving him goods worth Rs. 2000 and the balance in cash.

(b) Name the types of Ledgers. [04]

OR

- Q.3 (a) Name different subsidiary books. [03]
- (b) Explain the error of principle. [03]
- (c) Krishna, the businessman entered into the following transactions with Ram on the following dates. Draft the ledger account of Ram and balance the same : [05]

| | | Rs. |
|-------|---|------|
| 2010 | | |
| Jan-1 | Opening debt of Ram to Krishna | 100 |
| 3 | Sold goods to Ram subject to 10% trade discount | 1000 |
| 8 | Ram returned goods | 100 |
| 10 | Ram declared insolvent and Krishna realized from his assets | 800 |

(d) What is Trial Balance ? State its objectives. [04]

- Q.4 From the following Trial Balance extracted from the books of Shri Washisth, prepare a Trading and Profit and Loss Account for the year ended 31st December, 2009 and a Balance Sheet as on that date : [15]

Trial Balance as on 31 Dec. 2009

| Name of Accounts | Debit Bal. | Credit Bal. |
|-----------------------|------------|-------------|
| | Rs. | Rs. |
| Drawings and Capital | 5000 | 40000 |
| Purchases and Sales | 15000 | 25000 |
| Salaries | 2000 | --- |
| Rent | 1500 | --- |
| Insurance | 300 | --- |
| Machinery | 28000 | --- |
| Bank Balance | 4500 | --- |
| Cash in hand | 2000 | --- |
| Stock (1-1-2009) | 5200 | --- |
| Debtors and Creditors | 2500 | 1000 |
| | 66000 | 66000 |

Adjustments required :

- (1) Stock on hand at 31st December, 2009 Rs. 4900
- (2) Salaries owing Rs. 300
- (3) Rent paid in advance Rs. 200
- (4) Prepaid Insurance Rs. 90
- (5) Depreciate Machinery by 10 %
- (6) During December Shri Vashisth took Rs.100 in goods for his own use.
- (7) Goods of the value of Rs.1500 have been destroyed by fire and the Insurance Company has admitted the claim for Rs. 1000.

OR

Q.4 Following is the Trial Balance of Fancy Stores, a proprietorship [15] concern as at 31st March, 2010 :

Trial Balance as on 31-03-2010

| Name of the Account | Debit Bal. Rs. | Credit Bal. Rs. |
|------------------------|-------------------|--------------------|
| Cash in hand | 1200 | --- |
| Purchases and Sales | 120000 | 200000 |
| Stock (1-4-2009) | 35000 | --- |
| Debtors and Creditors | 50000 | 24000 |
| Plant and Machinery | 60000 | --- |
| Furniture | 15000 | --- |
| Bills | 20000 | 22000 |
| Rent and Taxes | 10000 | --- |
| Wages | 16000 | --- |
| Carriage on purchases | 2000 | --- |
| Telephone expenses | 1000 | --- |
| Bank overdraft | --- | 10000 |
| Commission | --- | 3000 |
| Investments | 15000 | --- |
| Deposit from customers | --- | 5000 |
| Capital | --- | 80000 |
| 4% Bank Loan | --- | 20000 |
| Bad debts Reserve | --- | 1200 |
| Salaries | 20000 | --- |
| Total | 365200 | 365200 |

Additional information supplied :

- (1) Closing stock Rs.60000
- (2) Provide outstanding liabilities :
 - Rent and Taxes Rs.2000
 - Wages Rs.3000
 - Salaries Rs.4000
- (3) Depreciate Plant and Machinery @ 5% and Furniture @ 10%
- (4) Write off Rs.500 as bad debts and create bad debts reserve @ 2.5% on Debtors.
- (5) The manager is entitled to a commission of 10% of the net profits after charging such commission.

Prepare the Trading and Profit and Loss Account for the year ended 31st March, 2010 and Balance Sheet as on that date.
