

**SARDAR PATEL UNIVERSITY**  
**F.Y.B.B.A. (Foreign Trade) (First Semester) (CBCS) EXAMINATION**  
**2010**  
**Thursday, 18<sup>th</sup> November**  
**2.30 p.m. to 4.30 p.m.**  
**UM01CBBF02 : Principles & Practice of Accountancy Paper-I**

**Maximum Marks : 60**

**Answer of all the questions (including multiple choice questions) should be written in the provided answer book only.**

- Q.1a)** Define Accounting. State rules of Debit & Credit of Personal Account, Nominal account & Real Account. **05**
- b)** Explain Money Measurement Concept with example. **05**
- c)** Answer Following questions : **05**
1. Purchased a Machine for Rs.5000 and paid Rs.600 for installation charges. How much amount will be debited to Machinery account?
  2. Furniture costing Rs.20,000 purchased for business use & its sold for Rs.30,000. How much will be the Capital Receipt & Capital Income.
  3. X Co. goods costing Rs.40000 are sold to Y Co. for Rs.45000. How much will be the Revenue receipt & Revenue profit.

**OR**

- Q.1a)** Explain Dividend & Unclaimed Dividend. **05**
- b)** Classify following Accounts in the Personal, Nominal & Real Account. **05**
- 1) Excise Account
  - 2) Discount Received Account
  - 3) Building Account
  - 4) Bank Loan Account
  - 5) Capital Account
- c)** Shows the effect of following Transactions/Adjustment in P/L Account & Balance Sheet individually. **05**
- 1) Rent Rs.700 (Cr.balance) is shown in Trial Balance as on 31-3-10. Adjustment : Rent Rs. 100 is received in advance.
  - 2) Interest of Rs.1000 at 10% per annum on a capital of Rs.10,000 is to be allowed and interest of Rs.300 on drawing of Rs.2000 at 15% per annum is to be charged.

**Q.2** Journalise following Transaction in the books of Shri Hari.

**15**

2010	
July 1	Opened a bank account with Rs.10,000
July 2	Received a cheque from Shankara Rs.500
July 3	Cheque received from from Shankara is paid into bank
July 4	Received a crossed cheque from Kishan Rs.200
July 5	A machine was purchased Rs.5000 and paid for it by a cheque. The installation charges of the machine Rs.100 is paid in cash.
July 6	Sold goods for cash Rs.2000 and paid half the amount into the bank
July 7	Withdrawn Rs.100 for personal use & Rs. 200 for office use from bank.
July 8	Given a cheque of Rs.500 Nilkanth on account
July 9	Paid Rs.200 for salary in cash and fire insurance premium Rs.100 by cheque.
July 10	Bank has debited Rs.5 to our account for bank charges and credited Rs.10 for interest.
July 11	Given a cheque of Rs.105 to Kanaiya in full settlement of our dues of Rs.110 to him

**OR**

**Q.2** Narrate Proforma of Balance Sheet & P/L Account in Vertical format.

**15**

**Q.3** Following is the Trial balance of Mr. Patel on 31<sup>st</sup> March 2010.

**15**

	Debit (Rs.)	Credit (Rs.)
Cash in hand	540	
Cash at bank	12,630	
Purchases Account	1,40,675	
Sales Account		2,58,780
Returns Inward Account	2,680	
Returns Outwards Account		1,500
Wages Account	20,480	
Fuel & Power Account	4,730	
Carriage on Sales Account	3,200	

2

Carriage on Purchases Account	2,040	
Stock Account (1-4-2009)	25,760	
Building Account	30,000	
Freehold Land Account	20,000	
Machinery Account	20,000	
Patents Account	7,500	
Salaries Account	15,000	
General Expenses Account	13,000	
Insurance Account	600	
Drawings Account	15,245	
Capital Account		82,000
Sundry Debtors	14,500	
Sundry Creditors		6,300
	<b>3,48,580</b>	<b>3,48,580</b>

Taking into account following adjustments, prepare Trading Account, Profit & Loss Account and the Balance Sheet.

1. Stock on hand on 31<sup>st</sup> March 2010 is Rs.26,800.
2. Machinery is to be depreciated at the rate of 10% and patents at the rate of 20%
3. Salaries for the month of March 2010, amounting to Rs.1500 were unpaid.
4. Insurance includes a premium of Rs.170 on a policy, expiring on 31<sup>st</sup> Sep 2010.
5. Wages include a sum of Rs. 2000 spent on the erection of cycle shed for employees and customers
6. A provision for Bad and Doubtful debt is to be created to the extent of 5% on sundry debtors.

**OR**

**Q.3** The Following balances appeared in the books of Sunrise Co. Ltd. As on 31<sup>st</sup> March 2010:

**15**

	<b>Debit (Rs.'000)</b>	<b>Credit (Rs.'000)</b>
Issued, Subscribed & Paid -up capital (4,00,000 Equity Share of Rs. 10 each)		4,000
General reserve		2,500

Trade Creditor		369
Building	1,500	
Purchases	5,009	
Sales		10,990
Manufacturing Expenses	3,590	
Establishment Expenses	368	
General Expenses	311	
Machinery	2,000	
Motor Vehicle	300	
Furniture	50	
Opening Stock	1,720	
Trade Debtors	1,734	
Investment	1,000	
Provision for Depreciation		710
Provision for Income Tax	500	
Cash at Bank	1,122	
Director's fees	18	
Interest on investment		75
Profit & Loss Account (1/4/2009)		201
Staff Provident Fund		375
	<b>19,222</b>	<b>19,222</b>

On the basis of above mentioned balances and the following information, prepare company's balance sheet as on 31<sup>st</sup> March 2010 and P&L Account (including Trading Account), Profit & Loss appropriation account for the year ending 31<sup>st</sup> March 2010.

1. The stock on 31<sup>st</sup> March 2010 was valued at Rs.14,86,000.
2. Provide Rs.1,00,000 for depreciation on fixed asset, Rs.1,20,000 for Managing Director's remuneration and Rs.15,000 for the company's contribution to the staff provident fund.
3. Interest accrued on investment amounted to Rs.25,000.
4. The Directors propose a final dividend @15% after transfer of Rs.1,50,000 to General Reserve.
5. The market value of investments as on 31<sup>st</sup> March 2010 amounts to Rs. 10,05,000.
6. Provide Corporate Dividend Tax @10.5%

**Q.4** Ludhiana Crafts Ltd. Incorporated in India with its Head Office at Delhi has a branch in New York where the local currency is U.S. Dollars. The following balances are extracted from the books of the Head Office and its independent branch as on 31<sup>st</sup> December 2009.

**15**

	Head Office (Rs.)	Branch (\$)
<b>Debit balances :</b>		
Fixed asset at cost	4,50,000	9,000
Debtors and cash	17,600	360
Operating cost	1,03,700	2,250
Branch current account	42,600	
	<u>6,13,900</u>	<u>11,610</u>
<b>Credit balances :</b>		
Share capital	2,00,000	
Reserves	1,10,800	
Sales revenue	1,86,300	4,800
Creditors	9,700	250
Head Office Current Account		4,200
Accumulated depreciation	1,07,100	2,360
	<u>6,13,900</u>	<u>11,610</u>

The following information is provided regarding exchange rates:

The fixed assets of the Branch were acquired when one U.S. dollar was equal to 10 rupees.

The Exchange rates ruling During the year

1<sup>st</sup> January            1\$ = 13 Rs.

Average                1\$ = 14 Rs

31<sup>st</sup> December        1\$ = 15 Rs.

There are no cash or goods in transit between H.O. and branch at the year end.

You are required to prepare the final accounts of Ludhiana Crafts Ltd. After translating the branch balances by the Temporal method.

OR

Q.4 Following is the Trail Balance on Dec. 31, 2009 of Delhi Branch of an English firm having Head office in London.

15

	Debit (Rs.)	Credit (Rs.)
Stock Jan. 1, 2009	12,600	
Purchases & Sales	75,000	1,12,500
Debtors & Creditors	39,000	26,000
Bills Receivables & Bills Payable	10,400	9,100
Salaries & wages	4,800	
Rent, Rates & Taxes	5,100	
Furniture	4,910	
Cash at Bank	28,990	
London Account		33,200
	<u>1,80,800</u>	<u>1,80,800</u>

On Dec 31, 2009 stock was valued at Rs.32,500. The debit balance of the branch account in London books on Dec 31, 2009 was £ 2,680 and Furniture Account appeared at £350. On Dec 31, 2009 there was Cash-in Transit from Delhi to London amounting to Rs. 2,600. The rate of exchange on 31 Dec, 2008 was Rs.14 and on 31 Dec 2009 was Rs.13. Average rate of 2009 was Rs.12.

Prepare the Branch Profit & Loss Account & the Balance Sheet in the Head office books.

$$X = X = X$$