

**SARDAR PATEL UNIVERSITY**  
**F.Y.B.B.A. (I Semester) Examination**  
**Tuesday, 4<sup>th</sup> December, 2012**  
**10.30 a.m. to 12.30 p.m.**  
**UM01CBBA05 : Accounting for Management**

**Total Marks : 60**

**Note:** Figures to the right indicate marks.

- Q. 1 (A) Define "Accounting". Discuss the objectives of "Accounting". (07)  
 (B) Distinguish between: (08)  
 (1) Reserves and Provisions  
 (2) Capital and Revenue Expenditure  
**OR**
- Q. 1 (A) Explain : Types of Accounts (07)  
 (B) Explain the following Accounting terms with illustration: (08)  
 (1) Loss  
 (2) Gain  
 (3) Drawing  
 (4) Assets
- Q. 2 (A) Briefly explain the following basic principles of Accounting: (08)  
 (1) Revenue Recognition Principle  
 (2) Matching Principle  
 (B) Write short notes on: (07)  
 (1) Business Entity Concept  
 (2) Convention of Consistency  
**OR**
- Q. 2 What is Accounting Standards? Enlist the International Financial Reporting Standards. Explain in brief any one of them. (15)
- Q. 3 Enter the following transactions in the Journal of Mr. Anand, post them to the Ledger and prepare a Trial Balance: (15)  
 2012  
 Nov.-01 Started business with cash `1,00,000/- and Bank Balance `50,000/-.  
 Nov.-03 Purchased goods from Smt. Urmila worth `10,000/- and delivered the same to Smt. Amita for `12,000/-.  
 Nov.-05 Smt. Amita returned half the goods to Mr. Anand and Mr. Anand returned the same to Smt. Urmila.  
 Nov.-07 Goods of the Value `1,000/- distributed as Charity.  
 Nov.-09 Paid for furniture by cheque `5,000/-.  
 Nov.-11 Purchased Machinery for `20,000/- from Mr. Laxman and paid `1,000/- for installing this Machinery.  
 Nov.-13 Bought goods from Mr. Bharat worth `27,000/- net after deducting 10% trade discount. Paid half the amount on the spot by cheque after deducting 5% cash discount.  
 Nov.-15 Goods costing `20,000/- were insured for `15,000/- for which a premium at the rate of 2% was paid to National Insurance Company by cheque.

- Nov.-27 Sold goods to Mr. Ram worth `10,000/- and received `5,000/- from him. Balance being adjusted towards personal debt of Mr. Anand.
- Nov.-29 Half the goods insured on 15<sup>th</sup> November '12 were destroyed by fire and National Insurance Company admitted a claim for `8,000/-.
- Nov.-30 Drew for personal use out of bank `3,000/- and paid bank charges `100/-.
- Nov.-30 Smt. Amita declared insolvent and 80 paise in a rupee could be recovered from her private estate.

**OR**

- Q. 3 Write short notes on:
- (1) Contra Entry with illustrations (05)
- (2) Error of Principle (05)
- (3) Journal Proper (05)
- Q. 4 The Trial Balance of Mr. Avichal as on 31<sup>st</sup> December, 2011 was as follows: (15)

Name of the Account	Debit Balance ( ` )	Credit Balance ( ` )
Purchases and Sales	1,62,000	2,50,000
Provision for Doubtful Debts	---	5,000
Debtors and creditors	51,000	30,000
Bills Payable	---	4,000
Stock (01-01-2011)	26,000	---
Wages and Outstanding Wages	23,000	2,000
Salaries	5,000	---
Furniture	7,000	---
Postage	4,000	---
Power and Fuel	1,000	---
Trade Expenses	5,000	---
Bad Debts	1,000	---
10% Loan to Mr. Indravadan (on 01-09-2011)	3,000	---
Cash and Bank	10,000	---
Trade Expenses Accrued but unpaid	---	1,000
Drawings and Capital	4,000	10,000
	<b>3,02,000</b>	<b>3,02,000</b>

Prepare the Trading and Profit and Loss Account for the year ended 31<sup>st</sup> December, 2011 and the Balance Sheet as on the date taking into account the following information:

- (1) Stock on 31-12-2011 was `13,000/-.
- (2) Depreciation on Furniture is to be charged at 10% p.a.
- (3) Debtors include an item of `1,000/- due from a customer who has become insolvent.
- (4) Provision for Doubtful Debts is to be Maintained at 5% on Debtors.
- (5) The Manager Shri Ashok is entitled to commission at 10% of the net profit calculated after charging such commission.

**OR**

Q. 4 The following is the Trial Balance of Smt. Sudha as on 31<sup>st</sup> March, 2012: (15)

Debit Balances	(`)	Credit Balance	(`)
Stock (01-04-2011)	47,000	Smt. Sudha's Capital	70,000
Return Inwards	8,000	Bank Loan @ 15% p.a.	20,000
Purchases	3,22,000	Sales	3,90,000
Carriage Inwards	20,000	Return Outwards	5,000
Rent and Taxes	5,000	Creditors	15,000
Salaries & Wages	10,000	Discount earned	10,000
Sundry Debtors	24,000		
Bank Interest	2,000		
Printing & Stationery	16,000		
Bank Balance	7,000		
Furniture & Fittings	5,000		
Discount Allowed	2,000		
General Expenses	1,000		
Insurance	2,000		
Postage &			
Telephone Expenses	2,000		
Cash	5,000		
Travelling Expenses	2,000		
Drawings	30,000		
	5,10,000		5,10,000

**Adjustments:**

- (1) Stock on 31<sup>st</sup> March, 2012 was `78,000/-.
- (2) Credit purchase invoice amounting `4,000/- had been omitted from the books.
- (3) A quarter of the amount of Printing and Stationery Expenses is to be carried forward to the next year.
- (4) Depreciate Furniture & Fittings by 20% p.a.
- (5) Included amongst the Debtors is `3,000/- due from Smt. Kiran and included among the Creditors `1,000/- due to her.
- (6) Personal purchases of Smt. Sudha amounting to `1,000/- had been recorded in the Purchase Register.
- (7) Interest on Bank Loan shall be provided for the whole year.
- (8) Create a provision for doubtful debts @ 5% and for discount @ 2% on Sundry Debtors.

**Prepare:** (1) Trading and P & L Account for the year ending 31<sup>st</sup> March, 2012 and  
 (2) Balance Sheet as at 31<sup>st</sup> March, 2012.

