

SARDAR PATEL UNIVERSITY
BBA (ISM) (I-Sem.) EXAMINATION
Thursday 3rd January, 2013
10.30 am to 12.30 pm
UM01EBBS02 : Accounting for Management

Total Marks : 60

- Q.1 (a) What do you mean by Accounting ? Explain the objectives of Accounting. (05)
 (b) Distinguish between Capital Expenditure and Revenue Expenditure. (05)
 (c) Classify the following accounts into Personal, Real and Nominal : (05)
- | | |
|-----------------------------------|-------------------------|
| (i) Cash Account | (ii) Wages Account |
| (iii) State Bank of India Account | (iv) Capital Account |
| (v) Dividend Account | (vi) Trade Mark Account |
| (vii) Investment Account | (viii) Interest Account |
| (ix) Drawing Account | (x) Discount Account |

OR

- Q.1(a) Explain the following terms of Accounting : (10)
- | | |
|-----------------|-------------------|
| (i) Assets | (ii) Capital |
| (iii) Creditors | (iv) Depreciation |
| (v) Discount | |
- (b) Discuss the rules of Debit and Credit in double entry system. (03)
 (c) What do you mean by Transaction ? (02)

- Q.2(a) What do you mean by basic accounting concepts and conventions ? (10)
 Discuss in brief some of the important concepts and conventions of Accounting.
- (b) Indicate if each of the following statements is correct or incorrect. (05)
- | | |
|--|--|
| (i) Revenue is generally recognised at the point of sale. | |
| (ii) Accounting principles are formulated by the Government. | |
| (iii) The going concern concept assumes that a business concern will go on for an indefinite period. | |
| (iv) Closing stock is always valued at market price. | |
| (v) A business and its proprietor are separate entities. | |

OR

- Q.2(a) What do you understand by Accounting Standards ? Describe the (10)
 various Accounting Standards in India.
- (b) List out International Financial Reporting Standards. (05)
- Q.3(a) Narrate the advantages of Journal. (05)
 (b) Define a Ledger. Why is it known as the principal book of accounts ? (05)
 (c) What are the errors, which remain undetected by the Trial Balance ? (05)

OR

- Q.3 Record the given transaction for the month of January, 2011 in the (15)
 Journal of Ram and Co.
- | | | |
|--------|--|--|
| Jan. 1 | Ram started business with cash Rs. 40,000. | |
| 3 | He deposited into bank Rs. 20,000. | |
| 5 | He purchased goods for cash Rs. 15,000. | |
| 8 | He sold goods for cash Rs. 6,000. | |
| 10 | He purchased furniture and paid by cheque Rs. 5,000. | |
| 12 | He sold goods to Arvind Rs. 4,000. | |
| 14 | He purchased goods from Amrit Rs. 10,000. | |
| 15 | He returned goods to Amrit Rs. 5,000. | |

- Jan. 16 He received from Arvind Rs. 3,960 in full settlement.
 18 He withdraw goods for personal use Rs. 1,000.
 20 He withdraw cash from business for personal use Rs. 2,000.
 24 He paid telephone charges Rs. 1,000.
 26 Cash paid to Amrit in full settlement Rs. 4,900.
 31 He paid for stationery Rs. 200, Rent Rs. 500 and Salaries Rs. 2,000.
 31 Goods distributed by way of free samples Rs. 1,000.

Q.4 Give a specimen of Trading Account, Profit and Loss Account and Balance sheet with imaginary figures. (15)

OR

Q.4 From the following Trial Balance as on 31st December, 2010 of a Sole Trader, prepare the Trading Account and Profit & Loss Account for the year ending 31st December j, 2010 and the Balance Sheet as on that date : (15)

	Dr. Rs.	Cr. Rs.
Rent	21,000	--
Drawings	10,000	--
Advertisement	4,000	--
Debtors	60,000	--
General Expenses	6,000	--
Sales Returns	2,500	--
Insurance Premium	3,000	--
Capital	--	1,20,000
Machinery	80,000	--
Wages	25,000	--
Creditors	--	45,000
Purchases	1,10,000	--
Salaries	19,000	--
Loan	--	80,000
Purchase Returns	--	2,000
Cash in hand	300	--
Sales	--	2,50,000
Land & Buildings	80,000	--
Reserves	--	33,500
Electric Charges	2,400	--
Furniture	16,000	--
Stock (on 1.1.2010)	28,000	--
Telephone Charges	1,400	--
Cash at Bank	59,800	--
Discount	900	--
Bad debts	1,200	--
	5,30,500	5,30,500

The following matters are to be taken into account :

- (1) Closing stock valued at Rs. 30,000 (2) Outstanding wages Rs. 5,000 and outstanding rent Rs. 3,000 (3) Depreciation 10% on Machinery 5% on Land & Buildings and 20% on Furniture is to be provided. (4) Bad debts to be written-off Rs. 1,000, Provision for doubtful debts is to be maintained at 5% on debtors.

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