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**SARDAR PATEL UNIVERSITY**  
**B.B.A (FT) (I Sem.) Examination**  
**2013**

Wednesday, 20<sup>th</sup> November

2.30 pm - 4.30 pm

**UM01CBBF05 - Accounting For Foreign Trade**

**Total Marks: 60**

Q-1(a) Give the definition of Accounting. 5

(b) State the rules of Accounting 5

[c] what is Revenue Expenditure? 5

OR

Q-1(a) Explain the following accounting terms: 8

(i) Liability (ii) Book value (iii) Debtors (iv) Sales

(b) Classify the following Accounts into Personal Account, Real Account & Nominal Account. 7

(i) Income tax account

(ii) Fire Insurance premium account

(iii) life insurance premium account

(iv) Stationery account

(v) Stationery Stock account

(vi) Rent account

(vii) Bank of Baroda account

Q-2 Maruti starts a new business. Transaction for the month of the March, 2012 are given below. Journalise the Transaction: 15

2012

March 1] Commenced business with cash Rs. 5,00,000, furniture Rs. 1,00,000, stock of goods Rs. 15,000 and creditors of Rs. 3,000.

3] opened bank account with Rs. 10,000

5] Bought from Pavan goods 200kg. At Rs. 20 per kilo at a trade discount of 10% and cash discount of 5% and paid the amount by cheque.

8] Goods purchased from Pavan now sold to Anjali at a profit of 20% on cost.

12] Purchased stationery of Rs. 500 from Vidarthi Stationery Mart.

15] Paid Rs 101 and Rs. 151 as challo on the occasion of the marriage of Accountant's son and Uncle's son respectively.

17] Paid Advertisement bill of Rs. 300 to " Sandesh"

OR

Q-2(a) on 1st January, 2012, the following were the ledger balances of Rajan & Co. : Cash on hand Rs 9000; Cast at Bank Rs.25000; Soni(Cr.) Rs.3000; Zahir (Dr.) Rs. 2400; Stock Rs.12,000; Prasad (Cr.) Rs.6000, Sharma (Dr.) Rs.4,500; Lall (Cr.) Rs.2700; Ascertain Capital

Journalise the above Transaction and post to the ledger.

(b) Write a short note on Subsidiary Books.

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Q-3 Ms. Viha Patel prepared the following trial balance on 31st March, 2012. You are requested to prepare her Trading and Profit & Loss Account for the year ending 31-3-2012 and Balance Sheet as on that date after

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**Trial Balance as on 31-3-2012**

Debit Bal	Amount	Credit Bal.	Amount
Debtors	23,310	Creditors	20,466
Salaries	4,900	Capital	99,000
Carriage inward	3,250	Sales	1,42,034
Carriage outward	958	Rent	1,200
Land & Building	31,600	Bills Payable	507
Machinery	30,750	Provident Fund	4,350
Stock(1-4-'12)	34,200	Purchase Returns	500
office Expenses	1,240	Bank Loan	12,000
Sales Return	544	Interest on Investment of PF	360
Furniture	9,200	Interest on Debentures	600
Stationery & Ptg	990		
Drawings	12,795		
Bank Bal.	1,150		
Tools	1,000		
Taxes and Insurance	590		
Investment of PF	3,600		
Interest on Bank loan	240		
Freight & octroi	260		
Contribution to P.F	350		
Cash Bal.	780		
Bills Receivable	100		
12% Debentures	10,000		
Leasehold Building (for 10 years)	20,000		
Advertisement Suspense A/C	4,000		
postage and Telegrams	200		
Purchases	78,740		
Wages	1,300		
Bad debts	500		
Rent	4,500		
	<u>2,81,017</u>		<u>2,81,017</u>

Adjustments:

1] Cost of closing stock is Rs. 21,000 but its market Value is 19,707.

- 2] An Advertisement campaign was taken up during the year and its expenses were debited to Suspense A/C which is to be written off over 4 years.
- 3] (i) prepaid insurance Rs.80 (ii) Salary unpaid Rs.240 (iii) Commission due but not received Rs. 520 (iv) Rent Received in advance Rs 110
- 4] Depreciate Land & Buildings @ 2.5%, Furniture @ 5% and Machinery @ 10%p.a. The market value of tools was estimated @ Rs 900
- 5] Allow interest on Capital @ 5%. Charge interest on Drawings Rs.520
- 6] Write off Rs.310 as bad debts from debtors
- 7] Salaries include Rs.900 paid to Servant at home
- 8] Rent includes Rs 1500 paid for residential building
- 9] A credit Sale of Rs.1200 was omitted to be recorded.

OR

Q-3 ABC Ltd was registered with a nominal capital of Rs 5,00,000 divided into shares of Rs.100 each. The following trial balance is extracted from the books on 31st march 2012

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Dr	Amount		Amount
Buildings	2,90,000	Sales	5,20,000
Machineries	1,00,000	Salaries Outstanding	2000
Closing Stock	90,000	Provision for Bad debts	
Purchaes (adjusted)	2,10,000	(1-4-2011)	3000
Salaries	60,000	Share Capital	2,00,000
Directors' fees	10,000	General Reserve	40,000
Rent	26,000	Profit & loss	25,000
Depreciation	20,000	Creditors	92,000
Bad debts	6,000	Provision for Bad debts	
Interest accrued on Investmen	2,000	Depreciation:	
Investment		on Building	50000
12,000 shares of A ltd of Rs 10		on machinery	55,000
each, Rs. 8 paid up	1,20,000	14% debentures	2,00,000
Debenture interest	28000	Interest on Debentures	
Loose tools	23,000	accrued but not due	14,000
Advance Tax	60,000	Interest in Investment	12,000
Sundry Expenses	18,000	Unclaimed Dividend	5000
Debtors	1,25,000		
Bank	30,000		
	12,18,000		12,18,000

You are required to prepare Trading and Profit & loss A/C for the year ending 31-3-2012 and Balance Sheet as at that date after taking into consideration the following information;

- 1] Closing stock is more than opening stock by Rs. 30,000
- 2] Provide for Bad and doubtful Debts @ 4 % on debtors. General Reserve @ 10%

- 3] Make a provision for Income tax @ 50%.
- 4] Depreciation Expense includes depreciation of Rs.8,000 on Buildings and that of Rs.12000 on machinery.
- 5] the Directors recommend a dividend @ 25%.

Q-4 Draw the Proforma of Vertical format of Balance Sheet and Profit & Loss Account.

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OR

Q-4 Carlin & Co has head office at New York (USA) and branch at Mumbai(India). Mumbai branch furnishes you with its trial balance as on 31st March,2010 and the additional information given thereafter.

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	Dr. Rs	Cr. Rs
Stock on 1st April,2009	300000	
Purchases ans Sales	800000	1200000
Sundry Debtors & Creditors	400000	300000
Bills of Exchange	1,20,000	2,40,000
wages & salaries	5,60,000	
Rent rates & taxes	3,60,000	
Sundry Charges	1,60,000	
computers	2,40,000	
Bank Balance	4,20,000	
New York office A/C		16,20,000
	33,60,000	33,60,000

Additional Information:

- a) Computers were acquired from remittances of US \$ 6000 received from NY. H.O and paid to the suppliers. Depreciate computers @ 60% for the year
- b) Unsold stock of Mumbai branch was worth Rs. 4,20,000 on 31-3-2010
- c) The Rates of Exchange may be taken as follows
  - i] on 1-4-2009 @ Rs.40/\$
  - ii] On 31-3-2010 @ Rs. 42/\$
  - iii] Average Exchange rate for the year @ Rs. 41/\$
  - iv] Conversion in \$ shall be made up to two decimal accuracy. You are asked to prepare in US \$ the revenue statement for the year ended 31-3-2010 and the Balance sheet as on that date of Mumbai Branch as would appear in the books of N.Y H.O. of Carlin & Co. you are informed that Mumbai branch A/C showed a debit balance of US\$ 39,609.18 on 31-3-2010 in NY books and there were no items pending for reconciliation.

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