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SARDAR PATEL UNIVERSITY

November- 2016

B.B.A (IB) Semester - I

Code : UMO1CBBFO5/B04

Subject : ACCOUNTING FOR FOREIGN TRADE

Date : 21-11-2016

Time : 10:00AM to 12:00PM

Total Marks:60

Note : Justify your answers according to marks.

- Q.1 (a) Define the term Accounting. Explain its objectives. 10
(b) State the rules of Debit and Credit. 05

OR

- Q.1 (a) Classify the following accounts: 08
1) Building Purchased 2) Cash Received
3) Indusland Bank A/C 4) Travelling Charges
5) Postage and telegram 6) Bank Overdraft
7) Outstanding Salary A/C 8) Purchase A/C
(b) Explain the following terms: 07
1) Purchase and Sales 2) Fixed Assets
3) Capital 4) Net profit

- Q.2 Pass the opening entry in the journal of Ram as on 1st April 2016 and post 15
the same into the ledger:

Cash-in-hand Rs.1,000, Cash at Bank Rs.5000 , Stock of Rs. 20,000 ,
Land & Building Rs.1,00,000 , Plant & Machinery Rs.50,000 , Furniture &
Fixtures Rs.25,000 , loan from X ltd. Rs.10,000 Prepaid Insurance Rs. 500 ,
Interest received in advance Rs.250

OR

- Q.2 Journalise the following transactions in the journal of Mr. Krishna 15
1) Started business with cash Rs.2,00,000 Goods Rs.1,00,000 ,
Furniture Rs 50,000
2) Opened Current Account with Rs.1,00,000
3) Purchased goods from Murli of Rs.1,00,000 at 12% trade Discount
and paid him by a cheque under a cash discount of 5%
4) Sold goods to Shyam of Rs.1,00,000
5) Purchased a Furniture of Rs.5,00,000 and paid delivery charges of
Rs.1000

- 6) Paid life insurance premium of Rs.6000 and Fire insurance premium of Rs.4,000
- 7) Shyam become insolvent and paid Rs.60,000 in final settlement.

Q.3 The following is the Trial balance of Mr. Wise as at 31st March 2016.

15

Debit Balances	Rs.	Credit Balances	Rs.
Fixed Assets	3,00,000	Creditors	1,00,000
Opening Stock	75,000	Bills Payable	5,600
Debtors	2,05,000	Loan from Bank	4,000
Bills Receivables	10,000	Capital Account	5,00,000
12% Investments (purchased on 1/7/2015)	50,000	Sales	6,30,000
Cash in Hand	5,000	Purchase Returns	5,000
Cash at Bank	10,000	Discount Earned	1,000
Drawings	10,000	Bad Debts Recovered	3,500
Purchases	5,25,000	Interest	3,000
Sales Returns	10,000		
Carriage Inward	5,000		
Carriage Outward	2,000		
Rent	3,000		
Insurance	3,600		
Office & Administration Exp.	13,200		
Discount allowed	2,000		
Bad Debts	5,000		
Interest	2,500		
Selling Exp.	15,800		
	12,52,100		12,52,100

Additional Information:

- 1) Closing Stock as on 31st March 2016 was Rs.42,000.
- 2) Rent is payable at the rate of Rs.300 per month.
- 3) Insurance Premium was paid for the year ending on 30th June 2016.
- 4) Write off further Rs.5,000 as bad. And Create provision for Doubtful debts @10%.
- 5) Create Provision for Discount on Debtors and Creditors @ 2%.
- 6) Provide Depreciation on Fixed Assets @ 10%p.a

Required to prepare Trading and Profit & loss Account for the year ending on 31st March 2016 and a Balance Sheet as on that date.

OR

Q.3 You are required to prepare Company Final Accounts for the year ending 31-03-2015.

15

	Rs		Rs
6% Debenture loan (Redeemable on 31-03-2024)	45,000	Rent	1,230
Commercial Bank ltd Cash Credit A/C Credit Balance	450	Share Transfer fees	60
Securities Premium	2,200	Debenture Redemption Fund	37,500
Capital Reserve	4,940	Interest on A'bad Muni. Cor. Debentures	450
Dena Bank ltd.	2,660	Interest on Debenture Redemption Fund Investments	1200
6% A'bad Muni. Loan (1-10-2014)	15,000	Debenture Redemption Fund Investments	37,500
Bad Debts Reserve	1,500	Stationery Stock(31-3-2015)	90
Sales	1,46,820	Creditors for goods supplied	30,050
Profit & loss A/c (Previous year Credit Balance)	1,440	Depreciation-Machinery	8,250
Depreciation Fund (31-3-2015)	30,360	Loose Tools	210
Bills Payable	1,400	Debtors	37,500
Unclaimed Dividend	250	Machinery	1,56,400
Director's Fees	300	Office Expenses	4980
Insurance	450	Stores	420
Stationery Postage	330	Depreciation on Building	2,250
Bad Debts	510	Paid up share Capital	1,87,500
Debenture Interest	1,350	Building	90060
Discount on Issue of Debentures	750	Productive Wages	14,400
Purchases	1,01,850	Opening Stock	14,630

Please consider following at the time of preparing Final Accounts:

- 1) Insurance premium amounting to Rs.300 is paid for the year ending on 30-06-2015
- 2) Provide Rs.1500 for Debenture Redemption Fund
- 3) Increase Bad Debt Reserve by Rs.375
- 4) Authorised capital consists of 11,250 shares of Rs.20 each

- 5) Closing Stock Rs.37,200. This includes defective stock which requires estimated repairing charges of Rs.1,275

- Q.4 PQR & Co has head office at New York (USA) and branch at Gujarat (India). Gujarat branch furnishes you with its trial balance as on 31st March, 1999 and the additional information given thereafter. 15

(Amount in Thousands)		
	Debit	Credit
Opening Stock	3,00	
Purchase & Sales	8,00	1200
Debtors & Creditors	400	300
Bills of Exchange	120	240
Wages & Salaries	560	
Rent, Rates & Taxes	360	
Sundry Charges	160	
Computers	240	
Bank Balance	420	
New York Office A/C		1620
	3360	3360

Additional Information:

- 1) Computers were acquired from a remittances of US\$6,000 received from N.Y.H.O and paid to the suppliers. Depreciate computers at 60% for the year.
- 2) Unsold Stock of Gujarat branch was worth Rs.4,20,000 on 31st March, 1999
- 3) The Rates of Exchange may be taken as follows:
 - On 1-4-1998 @Rs.40 per US\$
 - On 31-3-1999 @Rs.42 per US\$
 - Average Exchange rate for the year @Rs.41 per US\$
 - Conversion in \$ shall be made up two decimal accuracy.

You are asked to prepare in US\$ the revenue statement for the year ended 31st March, 1999 and the balance sheet as on that date of Gujarat branch as would appear in the books of N.Y.H.O of PQR & Co. You are informed that Gujarat Branch Account showed a debit balance of US\$39,609.18 on 31-3-1999 in N.Y books and there were no items pending reconciliation.

OR

- Q.4 State the Performa of Vertical format of Profit& loss Account and Balance Sheet as per Companies Bill 2013. 15