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SARDAR PATEL UNIVERSITY
B.B.A. (ITM) (SEMESTER: I) EXAMINATION

2017

Monday, 13th November

02:00 P.M. To 04:00 P.M.

UM01CBB110: ACCOUNTING FOR MANAGEMENT

Total Marks: 60

Note: 1. Figures to the right indicate full marks of question.

2. All questions carry equal marks.

3. Working notes are the part of answer.

- Q-1 (A) Define the term accounting and explain its Advantages. [09]
 (B) Discuss the various users of Accounting in details. [06]

OR

- Q-1 (A) Explain following Accounting terms: [08]
 1) Capital Expenditure 2) Reserves 3) Transactions 4) Creditors
 (B) Discuss the types of account and rules of debit and credit with suitable example. [07]

- Q-2 Journalise the following transactions; post the same in relevant ledger account and trial balance in the books of Shambhu For August, 2017: [15]

August-2017

1. Shambhu started business with cash Rs. 1,90,000, Furniture Rs. 15,000 and stock of goods Rs. 30,000.
2. Bought goods of Rs. 16,000 at 10% Trade discount from Mayank, on the condition that 5% cash discount will be allowed if payment is made within 10 days.
3. Open Bank Account in Bank of India by depositing Rs. 20,000.
4. Sold goods to Mr. Kunal for Rs. 10,000 at 10% cash discount.
5. Goods of Rs. 200 soaked by rain.
6. Settled the Mayank account by cheque.

OR

- Q-2 (A) Journalise the following transactions in the book of Shri Kamlesh Patel. [09]
 October, 2017:

1. He has started business with cash Rs. 1,000, goods Rs. 500 and Furniture Rs. 800.
2. Taken loan from a friend Keval Rs. 500
3. Purchased goods from Kishor at 12% trade discount Rs. 500.
4. Sold goods to Kumble Rs. 500
5. Paid Rs. 425 cash to Kishor to settle his account.
6. Sold Personal moped for Rs. 7,000 and brought Rs. 5,000 in the business.
7. Distribute goods of Rs. 50 as free sample.
8. Paid Rs. 500 for Brokerage to Kishan.
9. Kumble is declared insolvent and a dividend of 40 paisa in a rupee was received from his.

- (B) Explain Advantages of subsidiary books. [06]

(PTO)

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- Q-3 From the following trial balance and additional information of Mr. Jayden, prepare a [15]
trading and profit and loss account for the year ended 31 March 2017 and a balance
sheet as at the same date.

Trial balance as on 31 March 2017:

Debit Balance	Rs.	Credit Balance	Rs.
Drawing	10,000	Capital	30,000
Purchases	30,000	Purchase Returns	1,000
Sales Return	5,000	Sales	60,000
Carriage Inward	2,000	Wages Outstanding	2,000
Carriage Outward	3,000	Rent	1,000
Depreciation on Plant	4,000	Reserve for Doubtful Debt	1,000
Plant A/C	20,000	Interest	5,000
Salaries & Wages	3,000	Sundry Creditors	6,000
Bad debts	2,000	Loan	38,000
Premises	24,500		
Interest	500		
Stock (01-04-2016)	25,000		
Sundry Debtors	15,000		
	1,44,000		1,44,000

Additional Information:

1. Stock as on 31-03-2017 was valued at Rs. 40,000.
2. Provide for Bad debt @ 10% on debtors.
3. Rent outstanding amounting Rs. 600.
4. Provide interest on drawing @ 10% and on capital @ 10%.

OR

- Q-3 Following is the trial balance of Mr. Akshat as on 31st March 2016:

[15]

Particulars	Dr (Rs.)	Cr (Rs.)
Drawing	5,000	---
Insurance	600	---
General Expenses	3,000	---
Debtors and Creditors	14,500	6,300
Furniture	7,500	---
Plant and Machinery	20,000	---
Building	40,000	---
Stock (01-04-2016)	5,800	---
Carriage Inward	2,000	---
Audit Fees	3,200	---
Wages and Salary	15,000	---
Goods Return	600	500
Commission	4,000	---
Advertisement	10,500	---
Cash on Hand	3,900	---
Capital	---	71,000
Purchase and Sales	41,000	98,800
	1,76,600	1,76,600

You are requested to prepare his Trading A/C and P&L A/C for the year ended 31st March, 2017 and Balance Sheet as on that date with help of following details:

- (a) Stock as at 31 March 2017 was valued Rs. 50,000, of which value of 50% stock's market value is 20% less and remaining stock's market value is 50% higher.
- (b) Depreciation at 10 % on Furniture, Plant and Machinery and Building.
- (c) Make provision for Bad debt Rs. 500 and Provision for bad and doubtful debt @ 5% on debtors.
- (d) Outstanding Salary Rs. 1000 and Prepaid Insurance Rs. 100.
- (e) On 1-4-2016 goods of Rs. 2000 withdrawn for personal use was not recorded.

Q-4

Vinayaka Company Limited issued 10,000 equity shares of Rs. 100 each at a [15]
premium of Rs. 20 per shares. Amount payable per shares was follows:

On Application Rs. 30

On allotment Rs. 50 (Including Premium)

On First Call Rs. 25

On Final Call Rs. 15

Applications were received for 16,000 shares out of which 1,000 applications were refused and remaining applicants were allotted pro-rata shares.

Mr. Kartik to whom 1,000 shares were allotted failed to pay first call and final call money and Mr. Shiv who has applied for 1500 shares failed to pay final call money.

Pass necessary journal entries in the books of Ganesh Company Limited and also prepare Bank A/C and Share Capital A/C.

OR

- Q-4 (A) Shiv Ltd issued 1,50,000 Equity shares of Rs. 10 each at Premium of Rs. 2.50 per share. The company received application for 1,80,000 shares. Excess shares application were reject and the application money thereon was refunded to the applicants. Amount was called up as under. [08]

On Application Rs. 2.50 per share

On Allotment Rs. 5.50 per share (Including Premium)

On First Call Rs. 2.50 per share

On Final Call Rs. 2.00 per share

Parvati who was allotted 2000 shares could not pay first and final call money and Ganesh who was allotted 3000 share could not pay final call money. Except this, all the amounts due from all the shareholders were received on due dates.

Record journal entries relating to above transactions in the books of company.

- (B) Write a note on: Over subscription and Under subscription [07]

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