

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT  
MID SEMESTER EXAMINATION-2015

B.Tech, VIII Semester

COURSE CODE: 14B1WHS834  
COURSE NAME: Accounting for Managers  
COURSE CREDITS: 3

MAX. MARKS: 30  
MAX. TIME: 2 HRS

*Note: All questions are compulsory. Attempt all parts of a particular section at one place.*

Section A

Answer the following in two or three lines only.

(Marks: 6\*1=6)

- Q1. What is the difference between loss and expense?
- Q2. If capital of a business is Rs. 2,00,000 and liabilities are Rs. 50,000, loss Rs. 70,000, calculate total assets of business.
- Q3. In what circumstances, has an account a debit balance?
- Q4. Why trade discount finds no place in account books?
- Q5. What is the implication of business entity concept?
- Q6. What do you mean by "Double compound entry"? Give Example.

Section B

(Marks: 9)

Q1. Prove that the Accounting Equation is satisfied in all the following transactions of Suresh. (3 marks)

- 1) Commenced business with cash Rs. 60,000.
- 2) Paid rent in advance Rs. 500.
- 3) Purchased goods for cash Rs. 30,000 and credit Rs. 20,000.
- 4) Sold goods for cash Rs. 30,000 costing Rs. 20,000.
- 5) Paid salary Rs. 500 and salary outstanding being Rs. 100.
- 6) Bought motorcycle for personal use Rs. 5,000.

Q2. Record the following transactions in Journal: (3 marks)

- 1) Bought goods of the list price of Rs. 25,000 from Mohan less 20% trade discount and 2% cash discount and paid 40% by cheque.
- 2) Sold goods to Rakesh of the list price of Rs. 50,000 less 20% trade discount and 2% cash discount and he paid 50% by cheque.
- 3) Goods uninsured worth Rs. 3,000 were destroyed by fire.
- 4) Goods worth Rs. 500 were used by the proprietor for domestic purposes.
- 5) Rs. 200 due from Hari are bad debts.
- 6) Received Rs. 4,000 from Mahesh which were written off as bad debts in the previous year.

**Q3.** Prepare Krishna's account in the books of Venkat and Venkat's account in the books of Krishna. (3 marks)

2014	May 1	Venkat sold goods to Krishna	Rs. 50,000
	May 3	Krishna paid cash to Venkat	Rs. 30,000
	May 7	Krishna returned goods to Venkat	Rs. 2,000
	May 10	Venkat bought goods from Krishna	Rs. 15,000
	May 15	Venkat paid cash to Krishna	Rs. 10,000
	May 18	Venkat returned goods to Krishna	Rs. 1,000

**Section C**

(Marks: 15)

**Q1.** a) Differentiate between cash and accrual basis of accounting.

b) Explain convention of conservatism.

(3+2 = 5 marks)

**Q2.** a) Explain GAAP and its salient features.

b) Explain the important provisions of Accounting Standard (AS) -1.

(2+3 = 5 marks)

**Q3.** On 31<sup>st</sup> December, 2014 the following Trial Balance was extracted from the books of Mr. Himmat Singh. (5 marks)

Particulars	Rs.	Particulars	Rs.
<b>Dr. Balances:</b>		Rates Taxes and Insurance	2,891
Drawings	3,000	Advertising	3,264
Sundry Debtors	20,100	General Expenses	3,489
Interest on Loan	300	Bills Receivable	6,882
Cash in Hand	2,050	<b>Cr. Balances:</b>	
Stock on 1 <sup>st</sup> Jan, 2014	6,839	Capital	28,000
Motor Vehicles	10,000	Sundry Creditors	10,401
Cash at Bank	3,555	Loan on Mortgage	9,500
Land & Buildings	12,000	Bad Debts Reserve	710
Bad Debts	525	Sales	1,10,243
Purchases	66,458	Purchases Returns	1,346
Sales Returns	7,821	Discounts	540
Carriage Outward	2,404	Bills Payable	2,614
Carriage Inward	2,929	Rent Received	250
Salaries	9,097		

Prepare Trading and Profit and Loss Account for the year ended 31<sup>st</sup> December, 2014 and Balance Sheet as on that date, after making adjustments for the following matters:

1. Depreciate Land and Building @ 2.5% and Motor Vehicles @ 20%.
2. Interest on Loan @ 6% p.a. is unpaid for six months.
3. Salaries amounting to Rs. 750 and rates amounting to Rs. 350 are outstanding.
4. Prepaid Insurance amounted to Rs. 150.
5. The provision for Bad Debts is to be maintained @ 5% on Sundry Debtors.
6. Stock in hand on 31<sup>st</sup> December, 2014 was valued at Rs. 6,250.