

4/10/14

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Marks 75

Duration : 2 ½ Hrs.

Q.1 A What is Business Environment. Discuss its Need and Components. (15)

OR

Q.1 A What is Economic Environment. State its features. (7)

Q.1 B What is BOP. Explain types of Disequilibrium in BOP. (8)

Q.2 A What is the meaning of Cordial Government relations. Explain its importance in business. (7)

Q.2 B What is EXIM Policy. State its Objectives. (8)

OR

Q.2 A What is WTO? Highlight the measures to raise the share of developing countries in World Exports or Trade. (15)

Q.3 A What are the benefits of International Economic Groupings. (7)

Q.3 B What is International Environment and International Trading Environment. State the features of both. (8)

OR

Q.3 A State and explain the benefits of large scale exports. (15)

Q.4 A What is Uruguay Round. Highlights the Achievements of Uruguay Round. (7)

Q.4 B What is WTO. State the functions of WTO? (8)

OR

Q.4 A What is IMF. State its Objectives and Functions. (15)

Q.5 A Define Counter Trade and state its various forms. (7)

Q.5 B State the Objectives of UNCTAD and GSP. (8)

OR

Q.5 A What is Foreign Trade. State the Reasons for increase in imports. (7)

Q.5 B State the problems of Developing Countries while trading in International Market. (8)

Time : 2 & ½ Hours

Marks : 75

Instructions:

1. All questions are compulsory, subject to internal choice.
2. Use of a simple calculator is allowed.
3. Working note should form part of your answer.

Q.1 Pass Journal entries of the following transactions in the books of Rajesh: (15)

| | | |
|------|--|--------|
| 2014 | | |
| July | 1 Rajesh commenced business with cash. | 16,000 |
| | 3 He bought goods as his capital in the beginning. | 4,000 |
| | 7 Sold goods to Dinesh on credit | 6,500 |
| | 8 Purchased a horse for cash | 3,100 |
| | 17 Ramesh's Account which is overdue is closed. | |
| | As the amount was not recoverable. | 700 |
| | 20 Goods burnt by fire. | 390 |
| | 21 Received Cash on account from Dinesh. | 3,300 |
| | 25 Goods distributed as free samples. | 325 |

OR

Q.1 You are required to record the following transactions in the Cash Book of Badal: (15)

| | |
|---------|---|
| 2014 | |
| January | 1 Opening Cash Balance Rs 3,000. |
| | 4 Cash Sales Rs 1,200. |
| | 5 Received Rs 520 from Jagan. |
| | 6 Paid Rs 870 to Anuradha. |
| | 10 Cash Sales Rs 1,800. |
| | 15 Cash Purchases Rs 2,200. |
| | 20 Paid Rs 750 to Abhay. |
| | 24 Deposited Rs 800 in Radha Bank. |
| | 25 Issued Cheque Rs 600 to Bhagvat. |
| | 28 Received a cheque for Rs 450 from Bhatia. This cheque was deposited in Radha Bank. |
| | 29 Badal withdrew cash Rs 200 for personal expenses. |
| | 30 Paid Wages Rs 150 to Ganesh. |
| | 31 Paid Rent Rs 350 through Cheque. |

Q.2 On 31st January, 2014 the cash book of Shri Gokhale showed a bank overdraft balance of Rs 13,000. The Bank Pass Book showed a different balance. On investigation the following discrepancies were found: (15)

1. Cheques of Rs 2,500 were issued on 25th January to the creditors, out of which one cheque of Rs 1,500 was presented to Bank for payment on 1st February and the other cheque of Rs 1,000 was presented on 6th February 2014.

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2. Cheques amounting to Rs1,800 were deposited into Bank , out of which one cheque of Rs 400 was collected on 27th January,2014.
3. Dividend collected by the Bank and credited in the pass book Rs 90 was not recorded in the cash book.
4. Mr. Faithful directly deposited in our Bank account Rs 350. The intimation of the same was received on 3rd February, 2014.
5. Interest on overdraft debited in the Pass book Rs 150 but it was not recorded in Cash Book.
6. Pass book showed a debit of Rs 200 for dishonor of Bills Receivable formerly discounted.

Prepare a Bank Reconciliation Statement as on 31st January, 2014.

OR

Q.2 State with reasons whether the following are expenditure is capital, revenue or deferred revenue: (15)

1. Professional fees paid in connection with acquisition of leasehold premises.
2. Cost of registration and documentation of a newly formed company.
3. Compensation paid to a retrenched employee for loss of employment.
4. Expenditure incurred on purchases of cloth for uniform of employees.
5. Payment of import duty on purchases of raw materials.
6. Payment of a loan taken earlier.
7. Payment of salaries.
8. Wages for erection of machinery.
9. Purchase of furniture
10. Payment of rent.

Q.3 (08)

- a). Swati and Company purchased Heavy Machinery for Rs. 50,000 on 1st April, 2003. The rate of Depreciation to be charged was fixed at 10% p.a.. The machinery was sold for Rs.25,000 on 1st October, 2006.

Write up the Machinery Account. Assume that the accounting year ends on 31st March.

- b). Ashok and Company purchased machinery for Rs 40,000 on 1st April, 2005. The Machinery is depreciated at 25% per annum on the original cost price. (07)

Show how the machinery Account will appear till it is reduced to zero. Assume that the books are closed on 31st march every year.

OR

Q.3 Jindal Ltd. issued 20,000 shares of Rs 10 each as Par payable as : (15)

- Rs 2 on application
- Rs 3 on allotment
- Rs 3 on first call
- Rs 2 on final call

The company received application for 30,000 shares. Applications for 10,000 shares were rejected and the remaining applications were accepted. Application money on rejected applications was refunded. The company allotted the shares and received the amount as above.

Pass Journal Entries in the books of the Jindal Ltd.

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Q.4 The following Trial Balance was taken out on 31st March, 2014 from the books of Shri Shivaji. (15)

You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2014 and a balance sheet as at that date, after making the necessary adjustments:

| Particulars | Dr. Rs. | Cr. Rs. |
|------------------------------|---------------|---------------|
| Wages and Salaries | 6,000 | |
| Sales : Cash | | 8,000 |
| Sales : Credit | | 18,000 |
| Capital Account | | 34,000 |
| Drawings | 2,000 | |
| Purchases | 18,000 | |
| Sales Return | 300 | |
| Office Furniture | 4,000 | |
| Buildings | 12,000 | |
| Office Expenses | 800 | |
| Advertisement | 500 | |
| Discount earned | | 340 |
| Opening Stock | 5,000 | |
| Rent, Rates and Taxes | 400 | |
| Commission | 200 | |
| Purchase Returns | | 460 |
| Bills Receivable | 800 | |
| Travelling Expenses | 250 | |
| Trade Expenses | 350 | |
| Bad Debts | 190 | |
| Provision for Doubtful Debts | | 1,500 |
| Sundry Creditors | | 2,800 |
| Sundry Debtors | 11,000 | |
| Cash in Hand | 1,800 | |
| Bank Overdraft | | 1,300 |
| Postage | 50 | |
| Freight on Purchases | 210 | |
| Investments | 2,000 | |
| Income from Investments | | 250 |
| Fuel and Power (Factory) | 800 | |
| | <u>66,650</u> | <u>66,650</u> |

1. Depreciation to be provided on building and furniture at 10%.
2. Rent outstanding was Rs 120.
3. Provision for doubtful debts to be maintained at 5%.
4. Interest accrued but not received was 50.
5. Closing Stock was valued at Rs 8,200.

OR

Q.4 Ram & Shyam are partners sharing profits and losses 2:3. Their Trial Balance on 31st March, 2014 is given below. (15)

You are required to prepare Trading and Profit & Loss Account for the year ending 31st March, 2014 and Balance Sheet on that day after taking into account the given adjustments:

| Trial Balance | | | |
|--|-----------------|----------------------------|-----------------|
| Particulars | Dr. Rs. | Particulars | Cr. Rs. |
| Purchases | 98,000 | Capital | |
| Patent Rights | 4,000 | Ram | 30,000 |
| Building | 1,00,000 | Shyam | 40,000 |
| Stock(1.4.2013) | 15,000 | Provident Fund | 7,000 |
| Printing & Stationery | 1,750 | Creditors | 45,000 |
| Sundry Debtors | 35,000 | Bank Loan | 12,000 |
| Wages & Salaries | 11,000 | Sales | 1,58,000 |
| Audit Fees | 700 | Reserve for Doubtful Debts | 250 |
| Sundry Expenses | 3,500 | Purchase Returns | 3,500 |
| Furniture & Fixtures | 8,000 | | |
| 10% Investment (Purchase 30.9.2013) | 10,000 | | |
| Cash | 4,000 | | |
| Provident Fund Contribution | 800 | | |
| Carriage Inwards | 1,300 | | |
| Trade Expenses | 2,700 | | |
| | 2,95,750 | | 2,95,750 |

Adjustments :

1. Closing Stock is valued at cost Rs 30,000 while its market price Rs 36,000.
2. On 31st March, 2014 the stock of stationery was Rs 5000.
3. Reserve for Bad and doubtful debts at 5% on debtors.
4. Depreciate building at 5% and furniture at 10%.
5. Interest on capital is to be provided at 5%.
6. Goods worth Rs 10,000 were destroyed by fire. The insurance company admitted a claim for Rs 8,000.

Q.5 Short Notes (any three)

1. What are the advantages of Double Entry Book-Keeping System?
2. Mentioned any ten Accounting Standard issued by ICAI.
3. Explain Accounting Convention.
4. What is the use of Computer in Accounting?
5. What are the types of Investments?

(15)