

FUNDAMENTALS OF ACCOUNTING

Duration: 2 Hours

Max. Marks: 60

Instructions:

- Figures to the right indicate maximum marks.
- Start each question on a fresh page
- All questions are compulsory
- Answer any FIVE questions from the following

Q.1a) Explain the various concepts applicable to a business organization. (06)

Q.1b) 'Financial accounting information is used for decision making by external users.' Comment. (06)

Q.2) Journalize the following transactions: (12)

DATE	TRANSACTIONS
1/12/2015	Mr. Amar started business with cash Rs.40,000
15/12/2015	Purchased goods for cash Rs.15,000
15/12/2015	Purchased goods from Varun & Co Rs.15,000
20/12/2015	Sold goods for cash Rs.6,000
20/12/2015	Returned goods to Varun & Co Rs.2,000
21/12/2015	Purchased furniture and paid by cheque Rs. 5,000
22/12/2015	Sold goods to Arvind & Co. Rs.4,000
23/12/2015	Purchased goods from Amrit Rs.10,000
26/12/2015	Purchased goods from Riya Co. of Rs.30,000 at a trade discount of 10%
28/12/2015	Received cash from Arvind & Co. Rs.3,900 in full settlement of his account.
29/12/2015	Withdrew goods from business for personal use Rs.1,000
31/12/2015	Cash paid to Amrit in full settlement Rs.4,900.

Q.3) You are required to prepare Trading a/c, Profit and Loss a/c and Balance Sheet from the following trial balance of Nisha Ltd as on 31st December 2014: (12)

PARTICULARS	Dr. Rs.	Cr. Rs
Stock (1-1-2014)	46,000	
Drawings	10,000	
Purchase and Purchase return	1,50,200	600
Cash in hand	3,400	
Bank Balance	22,660	
Premises	38,600	
Trade Expenses	840	
Printing & Stationery	1,640	
Professional charges	280	
Commission received		3300
Investment @ 10%	4000	
Interest on above investment		200
Sundry Debtors and creditors	36,000	29,000
Wages	25,000	
Salaries	14,000	
Capital		1,14,000
Income Tax	1,600	
Discount allowed and received	6,300	4,600
Sales return and sales	550	2,08,950
Bills receivable and bills payable	3,200	10,000
Office Furniture	3,050	
Rent, Rates and Insurance	4,000	
Bad debt provision		670
	3,71,320	3,71,320

Additional Information:

1. Provide wages Rs.5,000.
2. Write off 5% depreciation on premises and 10% on Office Furniture.
3. Insurance is prepaid to extent of Rs.200
4. Closing stock is Rs.5,20,000.
5. Charge interest on capital 5% and on drawing Rs.300
6. Bad debt are Rs.1000
7. Provide for doubtful debt @5% on sundry debtors.
8. Make provision for discount on debtors and reserve for discount on creditors @2%.

Q.4) You are required to prepare in vertical form Profit and Loss a/c and Balance Sheet from the following trial balance of Murthi Company Ltd. for the year ended 31st March, 2013: (12)

Particulars	Rs.	Particulars	Rs.
Opening stock	68,000	Equity Share Capital(Share @ Rs.10 each)	2,50,000
Furniture	50,000	11% Debenture	50,000
Discount	4,000	Bank Loan	64,500
Loan to directors	8,000	Bills Payable	12,500
Advertisement	2,000	Creditors	15,600
Bad debt	3,500	Sales	4,26,800
Commission	12,000	Rent Received	4,600
Purchases	2,31,900	Transfer Fees	1,000
Plant & Machinery	86,000	Profit & Loss appropriation a/c	13,900
Rentals	2,500	Provision for depreciation on Plant & Machinery	14,600
Current a/c	4,500		
Cash	800		
Interest on bank loan	11,600		
Preliminary expenses	1,000		
Wages	90,000		
Consumables	8,400		
Freehold land	1,54,600		
Tools & Equipment	24,500		
Goodwill	26,500		
Debtors	28,700		
Bills receivables	15,300		
Dealers Aid	2,100		
Transit Insurance	3,000		
Trade Expenses	7,200		
Distribution Freight	5,400		
Debenture Interest	2,000		
	8,53,500		8,53,500

Additional Information:

1. Closing stock is valued Rs.82,300.
2. Depreciation to be provided on Furniture & fixtures @ 5%, Freehold land @ 2% and Tools & equipments @ 5%.

Q.5) From the following transactions of M/s Choudhary, write up his Cash Book as on 31st March 2015: (12)

- 1st March 2015, Cash in hand Rs.1532 and balance at bank Rs.18500.
 2nd March 2015, Received from Salman Rs.590 and allowed him discount Rs.10.
 3rd March 2015, Paid salaries for the month of February Rs.200.

- 4th March 2015, Purchased merchandise payment made by cheque Rs.3200.
 8th March 2015, Paid Bilal&co by cheque Rs.800 discount received Rs.20.
 10th March 2015, Withdrew from bank for office use Rs.400
 10th March 2015, Paid rent in cash Rs.300.
 14th March 2015, Deposited into bank Rs.500.
 15th March 2015, Cash sales Rs.2460.
 18th March 2015, Purchased a motor car for Rs.6500 payment made by cheque.
 23rd March 2015, Received a cheque from Salman for Rs.391 discount Rs.9.
 25th March 2015, Paid wages Rs.350.
 28th March 2015, Salman cheque paid into bank.
 29th March 2015, Paid general expenses Rs.360.
 31st March 2015, Cash sales Rs.6440.

Q.6a) Differentiate between Cash discount and trade discount. (06)

Q.6b) Enter the following transactions in the Sales Day Book of M/s Rohan Cloth Merchant: (06)

February 2015:

- 1st Feb: Sold goods to Riya, 200 meters cloth @ Rs.100 per meter less trade discount 7%.
 3rd Feb: Sold to Rahim, 500 meters cloth @ Rs.200 per meter less trade discount 5%, packing charges Rs.3,000.
 4th Feb: Sold to Shyam, 2,000 meters cloth @ Rs.200 per meter less trade discount 5%, other charges made of Rs.2,500.
 5th Feb: Sold to M/s Varun 300 meters cloth @ Rs.200 per meter on cash basis.
 7th Feb: Sold to James, 300 meters cloth @ Rs.200 per meter less trade discount of 10%.
 7th Feb: Sold to Jamu Ltd, 300 meters cloth @ Rs.250 per meter
 28th Feb: Sold goods to Raju, 100 meters cloth @ Rs.100 per meter on cash basis.
 28th Feb: Purchased goods from Ravi, 100 meters cloth @ Rs.150 per meter.

Q.7) Prepare the Ledger Accounts and the Trial Balance on the basis of following transactions as on 31st March 2015 : (12)

1. Rohit started business with a capital of Rs.20,000.
2. He purchased goods from Manju on credit Rs.4,000.
3. He paid cash to Manju Rs.2,000.
4. He sold goods to Sham Rs.4,000.
5. He received cash from Sham Rs.6,000.
6. He further purchased goods from Manju Rs.4,000.
7. He paid cash to Manju Rs.2,000.
8. He further sold goods to Sham Rs.4,000.
9. He received cash from Sham Rs.2,000.
