

FUNDAMENTALS OF ACCOUNTING

Duration: 2 Hours

Max.Marks: 60

Instructions:

- *Figures to the right indicate maximum marks*
- *Answer any FIVE questions from the following*
- *Start each new question on a fresh page*

Q.1a) Discuss the concepts which are applicable to a business organisation. (06)

Q.1b) Explain the causes of discrepancy between bank balance as per Cash Book and bank balance as per Pass Book. (06)

Q.2) Journalize the following transactions in the books of M/s Ajit: (12)

DATE	TRANSACTION
1 st Jan 2014	Started business with capital Rs.70,000
2 nd Jan 2014	Purchased goods worth Rs.5,000 for cash less 20% trade discount and 5% cash discount.
4 th Jan 2014	Received Rs.1,980 from Vijay and allowed him Rs.20 as discount.
6 th Jan 2015	Purchased goods from Bharat & Co. Rs.5,000
8 th Jan 2015	Purchased plant from Mukesh for Rs.5,000 and paid Rs.100 as cartage for bringing the plant to the factory and another Rs.200 as installation charges.
12 th Jan 2015	Sold goods to Rahim on credit Rs.600
15 th Jan 2015	Rahim became insolvent and could pay only 50% of his liability.
18 th Jan 2015	Sold goods to Ram for cash Rs.1,000.
20 th Jan 2015	Paid salary to Rathan Rs.2,000.
21 st Jan 2015	Paid Anand Rs.4,800 in full settlement of his account which was Rs.5,000.
26 th Jan 2015	Paid interest on loan Rs.500
31 st Jan 2015	Withdrew goods from business for personal use Rs.200

Q.3) From the following Trial Balance of Sharda Trader, you are required to prepare Trading and Profit and Loss Account for the year ended 31st March 2013 and a Balance Sheet as on that date: (12)

Particulars	Rs.	Particulars	Rs.
Drawing Account	7,500	Capital Account	1,50,000
Plant & Machinery (1-4-2012)	1,25,000	Return Outward	1,250
Plant & Machinery (1-10-2012)	6,250	Sundry Creditors	22,500
Opening Stock	19,250	Sales	2,00,000
Purchases	1,02,500	Provision for Bad & Doubtful Debts	500
Return Inward	2,500	Discount Received	1,000
Sundry Debtors	25,750	Rent (upto 30-09-2013)	1,500
Furniture	6,200		
Freight	12,500		
Carriage Outwards	625		
Rent, Rates & Taxes	5,750		
Printing & Stationery	1,000		

Trade Expenses	500		
Insurance Charges	875		
Salaries and Wages	26,625		
Cash at Bank	25,675		
Cash in hand	7,250		
Potage & Telegram	1,000		
	3,76,750		3,76,750

Adjustments:

- Stock on 31st March 2013 was valued at Rs.15,000.
- Write off Rs.750 as bad debt.
- Provision for Bad and Doubtful debt is to be maintained at 5% on sundry debtors.
- Create a provision for discount on debtors and also reserve for discount on creditors @ 2%.
- Charge depreciation @ 20% p.a. on Plant and Machinery and @ 5% on Furniture.
- Insurance prepaid was Rs.125.
- Goods worth Rs.6,250 were totally damaged in an accident, The Insurance Company admitted a claim of Rs. 5,000.

Q.4) You are required to prepare in vertical form profit and loss a/c and balance sheet from the following trial balance of Mehul Chemical Company Ltd. for the year ended 31st March, 2012:

(12)

PARTICULARS	Rs	PARTICULARS	Rs
Stock	6,80,000	Equity share capital(shs of Rs.10 each)	25,00,000
Furniture	2,00,000	11% Debentures	5,00,000
Discount	40,000	Bank Loan	6,45,000
Loan to directors	80,000	Bills payable	1,25,000
Advertisement	20,000	Creditors	1,56,000
Bad debt	35,000	Sales	42,68,000
Commission	1,20,000	Rent received	46,000
Purchases	23,19,000	Transfer fees received	10,000
Plant and machinery	8,60,000	Profit & loss account	1,39,000
Rentals	25,000	Provision: Machinery	1,46,000
Current account	45,000		
Cash	8,000		
Interest on bank loan	1,16,000		
Preliminary expenses	10,000		
Fixtures	3,00,000		
Wages	9,00,000		
Consumables	84,000		
Freehold land	15,46,000		
Tools & Equipment	2,45,000		
Goodwill	2,65,000		
Debtors	2,87,000		
Bills receivable	1,53,000		
Dealer aids	21,000		
Transit insurance	30,000		
Trade expenses	72,000		
Distribution freight	54,000		
Debenture interest	20,000		
	85,35,000		85,35,000

Additional information: Closing stock as on 31.03.12 is Rs. 8,23,00

Q.5) Enter the following transactions in the Cash Book with three columns:

(12)

DATE	PATICULARS	Rs.
01/04/2011	Commenced business with cash	150000
02/04/2011	Incurred expenses	5000
03/04/2011	Paid into bank	135000
04/04/2011	Paid Rakesh by cheque	34500
04/04/2011	Discount allowed to Rakesh	500
06/04/2011	Bought furniture by cheque	7000
08/04/2011	Received cheque from Kamini	33000
08/04/2011	Discount allowed to Kamini	600
10/04/2011	Cash sales	25000
10/04/2011	Deposited Kamini's cheque into bank	24000
11/04/2011	Deposited into bank	50000
12/04/2011	Cheque purchases	1500
13/04/2011	Received commission	1500
13/04/2011	Paid freight on goods	850
15/04/2011	Paid publicity expenses	1200
17/04/2011	Withdraw cash from bank for office use	5000
20/04/2011	Received cheque from Ali	12500
20/04/2011	Discount allowed to Ali	500
21/04/2011	Deposited Ali's cheque in bank	
22/04/2011	Withdraw for personal use	5000
30/04/2011	Salaries paid by cheque	5000

Q.6a) Write down the steps in excel sheet assuming that the Loan amount Rs.25,00,000, Interest 10%, Repayment in 20 years.

(06)

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

Merchant:

(06)

February 2013:

1st Feb: Sold goods to Ram, 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.

7th Feb: Sold to Jordon, 300 meters cloth @ Rs.250 per meter less trade discount of 10%.

28th Feb: Sold goods to Rahul, 200 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 2014 :

(12)

1. Ram started business with a capital of Rs.10,000.
2. He purchased goods from Mohan on credit Rs.2,000.
3. He paid cash to Mohan Rs.1,000.
4. He sold goods to Suresh Rs.2,000.
5. He received cash from Suresh Rs.3,000.
6. He further purchased goods from Mohan Rs.2,000.
7. He paid cash to Mohan Rs.1,000.
8. He further sold goods to Suresh Rs.2,000.
9. He received cash from Suresh Rs.1,000.
