

S.No. : 326

BBAL 2105

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Following Paper ID and Roll No. to be filled in your Answer Book.

**PAPER ID : 29105**

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## Integrated LLB Examination 2019-20

(Odd Semester)

### FUNDAMENTAL ACCOUNTING

*Time : Three Hours]*

*[Maximum Marks : 60*

**Note :-** Attempt all questions.

#### SECTION – A

1. Attempt all parts of the following :  $8 \times 1 = 8$
- (a) Explain the term 'Convention of Materiality.'
  - (b) Explain the term 'Accounting Cycle.'
  - (c) What do you understand by the term 'Current Assets'?
  - (d) What is Depreciation?
  - (e) What is Forfeiture of share?

*[P. T. O.*

- (f) Define the term sinking fund.
- (g) Define ratio analysis.
- (h) What is Cash flow statement.

### SECTION – B

2. Attempt any two parts of the following :  $2 \times 6 = 12$

- (a) What are the accounting concept and conventions? Name them and explain any two accounting concept in detail.
- (b) From the following trial balance and additional information, you are required to prepare work sheet and final accounts :

#### Trial Balance as on 31st March, 2007

Particulars	Debit ₹	Credit ₹
Sundry debtors	5,00,000	—
Sundry creditors	—	2,00,000
Outstanding liability for expenses	55,000	—
Wages	1,00,000	—

Purchases	19,000	
Opening stock	4,000	
Bank balance	3,000	
Carriage charges	300	
Salaries	400	
Rent and taxes	900	
Sales		29,000

**Additional Information :**

- (i) Closing stock ₹ 1,200.
  - (ii) Outstanding rent and taxes ₹ 100.
  - (iii) Charge depreciation on machinery at 10%.
  - (iv) Wages prepaid ₹ 400.
- (c) When can the shares be forfeited? Can forfeited shares be issued at discount? If so, to what extent where would you transfer the balance left in the forfeited share account after such share have been re-issued?
- (d) Explain the significance and limitation of ratio analysis.

## SECTION – C

**Note :-** Attempt all questions. Attempt any two parts from each questions.  $8 \times 5 = 40$

3. (a) Journalise the following transactions in the book of a trader debit balance on 1 January, 2004 :

	₹
Cash in hand	8,000
Cash at Bank	25,000
Stock of goods	20,000
Furniture	2,000
Building	10,000
<b>Sundry debtors :</b>	
Vijay	2,000
Anil	1,000
Madhu	2,000
Credit balances on 1 January, 2004 :	
Sundry creditors :	
Anand	5,000
Loan from Bablu	10,000

Following are the transactions for the month of January, 2004 :

- 1 Jan. Purchased goods worth ₹ 5,000 for cash less 20% trade discount and 5% cash discount.
- 4 Jan. Received ₹ 1,980 from Vijay and allowed him ₹ 20 as discount.
- 6 Jan. Purchased goods from Bharat ₹ 5,000.
- 8 Jan. Purchased plants from mukesh for ₹ 5,000 and paid ₹ 100 as cartage for bringing the plant to the factory and another ₹ 200 as installation charges.
- 12 Jan. Sold goods to Rahim on credit ₹ 600.
- 15 Jan. Rahim became insolvent and could pay only 50 paise in rupee.
- 18 Jan. Sold goods to Ram for cash ₹ 1,000.
- 20 Jan. Paid salary to Ratan ₹ 2,000.
- 21 Jan. Paid Anand ₹ 4,800 in full settlement.
- 26 Jan. Interest received from Madhu ₹ 200.
- 28 Jan. Paid to Bablu interest on loan ₹ 500.

31 Jan. Sold goods for cash ₹ 500.

31 Jan. Withdrew goods from business for personal use ₹ 200.

- (b) Enter the following transactions in the appropriate type of the cash books, and post the same to the relevant ledger account :

2004 :

1 July Started business with an investment of ₹ 9,000.

2 July Deposited in Bank of India ₹ 7,000.

4 July Acquired a building by issuing a cheque of ₹ 5,000.

10 July Paid the bill of furniture by cheque ₹ 1,000

15 July Purchased ₹ 800 of merchandise by cheque.

18 July Withdrew ₹ 100 from the bank.

20 July Sold merchandise for ₹ 1,200.

22 July Deposited ₹ 2,000 into the bank.

25 July Bought ₹ 1,000 merchandise.

- 26 July Sold ₹ 1,500 merchandise by crossed cheque.
- 27 July Paid ₹ 100 by cheque as the premium for insuring building against fire.
- 28 July Paid freight of ₹ 50.
- 30 July Withdrew from bank for personal use ₹ 500.
- 31 July Cleared electricity bill of ₹ 90.
- 31 July Paid to Mahesh ₹ 1,080 in full satisfaction by cheque. We owed to Mahesh ₹ 1,100 for goods purchased.
- 31 July Received from Suresh a cheque for ₹ 1,480 in full satisfaction of debt of ₹ 1,510.

(c) What do you mean by sub-division of journal?

4. (a) On 1st January, 2003 Shyam and Company purchased a second-hand machinery for ₹ 74,000 and spend ₹ 4,000 on its repair and ₹ 2,000 on its installation. On 1st January, 2004 the machine was sold for ₹ 56,000 and on the same date a fresh machinery is purchased for ₹ 50,000.

On 1st July, 2005 the machinery purchased for ₹ 20,000 on 1st January, 2004 was sold for ₹ 4,000.

In 2003 depreciation was charged @ 10% per annum on original cost of the asset. However from 2004 the company decided to write off depreciation @ 15% per annum written down value method. Show machinery account for 4 years.

- (b) From the following, prepare a Bank reconciliation statement showing the balance as per cash book on 31st December, 2005 :
- (i) Out of cheque of ₹ 9,000 paid on 29th December, ₹ 4,000 appear to have been credited in the pass book on 2nd January, 2006.
  - (ii) I had issued cheques in December, 2005 amounting in all to ₹ 16,000 out of which I find that cheque for ₹ 7,000 have been cashed in same month cheque of ₹ 5,000 cashed on 3rd January, 2006 and rest have not been presented.



(iii) ₹ 1,000 for interest on over draft charged in pass book on 31st December has been entered in my cash book on 4th January, 2006.

(iv) My pass book shows a credit of ₹ 1,200 to my account being interest to my securities collected by my bankers.

(v) The bank balance as per my pass book showed on overdraft of ₹ 19,000.

(c) Distinguish between the trial balance and balance sheet.

5. (a) On 1st January, 2008 a company offers 8,000 shares of ₹ 10 each. Application are received for full 8,000 shares. Money payable as follows :

On application ₹ 3 per share on 1st call ₹ 3 per share.

On allotment ₹ 2 per share on final call ₹ 2 per share.

The shares were duly allotted, calls made and money realised. You are required to pass necessary journal entries.

**[P. T. O.]**

- (b) Explain the condition under which redeemable preference share can be redeemed?
- (c) Distinguish between sinking fund for replacement of an assets and sinking fund for redemption of a liability.
6. (a) The following in the balance sheet of New Smita Limited for the year ending 31st December, 2006 :

Liabilities	₹
9% preference share capital	5,00,000
Equity share capital	10,00,000
8% debentures	2,00,000
Long-term loan	1,00,000
Bills payable	60,000
Sundry creditors	70,000
Bank overdraft	30,000
Outstanding expenses	5,000
	<b>19,65,000</b>

Assets	₹
Goodwill	1,00,000
Land and building	6,50,000
Plant	8,00,000
Furniture and fixture	1,50,000
Bills receivable	70,000
Sundry debtors	90,000
Bank balance	45,000
Short-term investment	25,000
Prepaid expenses	5,000
Stock	30,000
	<b>19,65,000</b>

From the balance sheet calculate :

- (i) Current ratio
- (ii) Acid test ratio
- (iii) Absolute ratio

Also, comment on these ratios.

*[P. T. O.]*

- (b) From the following trial balance of Y Limited prepare a schedule of changes in working capital :

**Trial Balance**

	2005	
	Dr.	Cr.
Capital		80,000
Mortgage		
Land and building	50,000	
Plant and machinery	24,000	
Stock	9,000	
Debtors	16,500	
Cash at Bank	4,000	
Profit and loss account		14,500
Creditors		90,000
	<b>1,03,500</b>	<b>1,03,500</b>
	2006	
	Dr.	Cr.
Capital		85,000
Mortgage		50,000
Land and building	50,000	
Plant and machinery	34,000	

Stock	7,000	
Debtors	19,500	
Cash at Bank	9,000	
Profit and loss account		24,500
Creditors		5,000
	<b>1,19,500</b>	<b>1,19,500</b>

- (c) Explain the procedure of preparing the cash flow statement.

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