

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

**PAPER ID : 29105**

Roll  
No.

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**Int. LLB Examination 2016 - 2017**

**(First Semester)**

**FUNDAMENTAL ACCOUNTING**

*Time : 3 Hours]*

*[Maximum Marks : 60*

**Note :-** Attempt all questions.

**SECTION-A**

8×1=8

1. Attempt all parts of the following :

- (a) State the objective of accounting.
- (b) What is owners equity?
- (c) Describe current ratio.
- (d) Describe depreciation and fix type.
- (e) Define types of ratio (financial).
- (f) Draft the format of balance sheet.
- (g) Define trial balance.

**[ P. T. O.**

(h) Define fund flow statements.

### SECTION - B

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

(a) Pass a compound journal entry in each of the following hypothetical cases :

(i) Payment made to Ram Rs. 1000. He allowed a cash discount of Rs. 50.

(ii) Cash received from Suresh Rs. 800 and allowed him Rs. 50 as discount.

(iii) A running business was purchased by Mohan with the following assets and liabilities :

Cash	Rs. 2,000
Land	Rs. 4,000
Furniture	Rs. 1,000
Stock	Rs. 2,000
Creditors	Rs. 1,000
Bank overdraft	Rs. 2,000

(b) From the following information :

	Rs.
Credit sales	12,000
For the year :	
Bills receivables	1,000
Debtors	1,000

Calculate the debtors turnover ratio and debt collection period.

(c) From the following balances you are required to calculate cash from operations

	31 December	
	2003 Rs.	2004 Rs.
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding	1,000	1,200

[ P. T. O. ]

Expenses :

Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	Nil	1,30,000

- (d) What is difference between straight line and written down value method of depreciation?

**SECTION - C**

8×5=40

**Note :-** Attempt all the questions. Attempt any two parts from each questions.

3. (a) A Ltd. purchased a machinery worth Rs. 90,000 with erection and installation charges Rs. 6,000 and Rs. 4,000 respectively. The estimated life of the asset is supposed to be 10 years. At the end of 10 years the scrap value of asset will be Rs. 26,000. Prepare a plant account for four years by using straight line method.
- (b) Explain importance of conventions of accounting.

- (c) Show accounting equitions on the basis of following transactions :

Laxman started business with cash	20,000
He purchased goods on credit	8,000
He purchased furniture for cash	2,000
Purchased goods from Mukesh	300
Received dividend	200

4. (a) Differentiate between trial balance and balance sheet.
- (b) What are the objectives of analysis and interpretation of financial statement?
- (c) From the following balance sheet of a company as on 31st December, 2006 and 31st December, 2007. You are required to calculate funds from operation.

## Balance sheet as on 31st December

Particulars	2006	2007
Profit and loss appropriation	30,000	40,000
General reserve	20,000	25,000
Goodwill	10,000	5,000
Preliminary expenses	6,000	4,000
Provisions for depreciation on machinery	10,000	12,000

5. (a) Determine which company is more profitable :

	A Ltd.	B Ltd.
Net profit ratio	5%	8%
Turnover ratio	6 times	3 times

(b) What is a "funds flow statement? Examine its managerial uses.

(c) From the following balances taken from the trial balances of Shri Suresh prepare a trading and profit and loss account for the year ending 31st December, 2007 :

Particular	Dr. Rs.	Cr. Rs.
Stock as on 1-1-2007	2,000	
Purchase and sales	20,000	30,000
Returns	2,000	1,000
Carriage	1,000	
Cartage	1,000	
Rent	1,000	
Interest received		2,000
Salaries	2,000	
General expenses	1,000	
Discount		500
Insurance	500	

The closing stock on 31st December, 2007 is Rs. 5,000.

6. (a) Record the following transactions in the cash book and post them in the ledger :

Date	Particulars	Rs.
Jan 1	Opening cash balances	5,000
Jan 4	Rent paid	2,000
Jan 6	Interest received	3,000
Jan 15	Cash purchases	4,000
Jan 25	Cash sales	8,000
Jan 31	Salaries paid	2,000

(b) Write short notes on the following :

- (a) Rights issues
- (b) Calls in advance
- (c) Preference shares

(c) X Ltd. forfeited 1,000 equity shares of Rs. 10 each issued at par for non payment of the first call of Rs. 2 per share and the final call of Rs. 3 per share. Give journal entry for the forfeiture.

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