

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

**PAPER ID : 9302**

Roll  
No.

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**Int-LLB Examination 2013-2014**

**(First Semester)**

**FUNDAMENTAL ACCOUNTING & MANAGEMENT  
ACCOUNTING**

**Time : 3 Hours]**

**[Maximum Marks : 100**

**Note :-** There are three sections in the question paper. Section A, B and C. All sections are compulsory. Read the instructions of each section carefully.

**SECTION – A**

1. (a) Fill in the blanks. All parts are compulsory.
  - (i) Accounting is an ..... as well as science.
  - (ii) Trial balance helps us to check the ..... accuracy of the books of accounts.
  - (iii) Financial position of the firm is communicated through .....
  - (iv) We prepare ....., statement to match the balances of cash book and bank pass book.
  - (v) Schedule ..... of companies act gives us the format of corporate balance sheet.

**[ P. T. O.**

- (vi) We are required to show calls ..... before forfeiting shares.
- (vii) Management accounting has a ..... scope as compare to financial accounting.
- (viii) ..... accounting is used for decision making.
- (ix) Current ratio = .....
- (x) Stock turnover ratio = .....
- (xi) Cash flow statement divides cash flows in ..... activities.
- (xii) Gross profit ratio = .....
- (xiii) PV ratio = .....
- (xiv) Fixed cost Rs. 1,50,000; sales price Rs. 30 per unit, variable cost Rs ..... per unit, BEP 15,000 units.
- (xv) Financial accounting has a ..... structure.
- (xvi) Cash payment to for goods and services are shown under ..... activities.
- (xvii) Flexible budget is prepared for ..... level(s) of activities.
- (xviii) Formula for material cost variance is .....
- (xix) Anticipated profits are ignored because of ..... principle.
- (xx) Accountting equation is .....

**SECTION – B**

**Note :-** There are five questions, attempt any three.

2. Explain about various users of accounting information. Where do you put yourself amongst those users and why?
3. Show the journal entries for the following transactions :
  - (i) Ramesh started business with a cash Rs. 2,50,000.
  - (ii) Deposited cash into the bank Rs. 1,20,000.
  - (iii) Purchased furniture for Rs. 35,000 in cash.
  - (iv) Purchased goods from Deepak of Rs. 15,000 in cash.
  - (v) Purchased goods from Deepak of Rs. 12,000.
  - (vi) Paid salary for the month Rs. 7,500.
  - (vii) Sold goods to Mohan of Rs. 37,000 in cash.
  - (viii) Sold goods to Mohit of Rs. 18,000
  - (ix) Received commission Rs. 3,000 by cheque.
  - (x) Paid to Deepak Rs. 12,000 by cheque.
  - (xi) Received cheque from Mohit Rs. 15,000.
  - (xii) Paid rent for the month by cheque Rs. 8,000.
4. Explain the difference between management accounting and financial accounting. Also discuss the role of management accounting in decision making.

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

5. From the following information comment on the financial position of the firm :

Liabilities	Amt (Rs.)	Assets	Amt (Rs.)
Equity share capital	5,00,000	Land & building	5,30,000
Pref. share capital	1,50,000	Plant & Machinery	1,10,000
General reserves	70,000	Furniture	20,000
Securities premium	30,000	Investments	90,000
Profit & Loss A/c.	1,25,000	Stock	95,000
Debentures	1,50,000	Sundry debtors	1,75,000
Secured bank loan	1,00,000	Bills receivables	25,000
Bank over draft	45,000	Cash and Bank	80,000
Sundry creditors	55,000	Pre-paid expenses	15,000
Tax payable	1,00,000	Marketable securities	20,000
Dividend payable	60,000	Preliminary expenses	40,000
		Goodwill	1,10,000
		Patents	75,000
	<b>13,85,000</b>		<b>13,85,000</b>

6. Define 'Budgetary Control'. Explain the role of budgeting in financial control.

### SECTION – C

**Note :-** Each question has two parts (a) and (b) of which attempt either (a) or (b) of each.

7. (a) What is standard costing? What are the requirements for setting up a standard costing system?

**OR**

- (b) Profit - volume analysis is a technique of analysing the cost and profits at various levels of volume. Explain, how such analysis helps management?

8. (a) Discuss the solvency ratios and liquidity ratios in detail. Show their interpretation with the help of a numerical example.

**OR**

- (b) A manufacturing company uses the following standard mix of their compound in one batch of production line:

50 kgs of material X at the standard price of Rs. 2

30 kgs of material Y at a standard price of Rs. 3

20 kgs of material Z at a standard price of Rs. 4

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

The actual mix was as follows :

60 kg of material X

40 kg of material Y

10 kg of material Z

Calculate material mix sub - variance.

9. (a) Your company manufactures two products, A and B. A forecast of the units to be sold in the first seven months of the year is given below :

Month	Product 'A'	Product 'B'
January	1,000	2,800
February	1,200	2,800
March	1,600	2,400
April	2,000	2,000
May	2,400	1,600
June	2,400	1,600
July	2,000	1,800

It is anticipated that

- (a) there will be no Work in process at the end of any month and
- (b) finished units equal to half the sale for next month will be in stock at the end of each month (including the previous December).

Budgeted production and production costs for the whole year are as follows :

Particulars	Product 'A'	Product 'B'
Product (units)	22,000	24,000
Direct material (per unit)	Rs. 12.50	Rs. 19.00
Direct labour (per unit)	Rs. 4.50	Rs. 7.00
Total factory overheads (apportioned)	66,000	96,000

Prepare a production budget for a period of six months ending on June 30.

OR

- (b) Use the information given in Question 9 (a) to prepare a summarized production cost budget for a period of six months ending on June 30.
10. (a) A firm writes off 95% of the cost of machinery acquired over a period of 10 years by the SLM, leaving 5% as estimated scrap value. Full depreciation is written off even if the machinery is used only for part of a year. On 31st March 2003, the original cost of the machine was as follows :

[P. T. O.]

	Amount (Rs.)
Purchased in 1992-93 or earlier	1,20,000
Purchased in 1994-95	40,000
Purchased in 1998-99	30,000

On 30th September 2003, a machine which had cost of Rs. 10,000 in 1991-92 was disposed off for Rs. 900 and on 28th February 2004, a machine acquired in 1998-99 at a cost of Rs. 15,000 was sold for Rs. 5000. On the same date, a new machinery was acquired for Rs. 45,000.

Prepare the machinery account for the year 2003-04, the accounts being closed on 31st March each year.

**OR**

- (b) From the following particulars, prepare a bank reconciliation statement showing the balance as per cash book as on 31st December 2005 :
- (i) Out of cheques of Rs. 9,000 paid on 29th December Rs. 4,000 appear to have credited in the pass book on 2nd January 2006.
  - (ii) I had issued cheque in December 2005 amounting in all to Rs. 16,000 out of which I find that cheques for Rs. 7,000 have been cashed in the same month, a cheque of Rs. 5,000 cashed on January 03, 2006 and the rest have not been presented at all.



- (iii) My bankers have given the wrong credit in my joint account with my wife in respect of a cheque of Rs. 2,000 paid into my personal A/c.
- (iv) Rs. 1,000 for interest on overdraft charges in the pass book on 31st December has been entered in my cash book on 4th January, 2006.
- (v) My pass book shows a credit of Rs. 1,200 to my account being interest on my securities collected by my bankers..

11. (a) Prepare a cash flow statement from operating activities from the following information :

**Trading and Profit and Loss Account**  
(for the year ended on 31st March 2005)

Particulars	Amt (Rs.)	Particulars	Amt (Rs.)
To Purchases	20,000	By Sales	30,000
To Wages	5,000		
To Gross Profit c/d	5,000		
	<b>30,000</b>		<b>30,000</b>
Total Salaries	1,000	By gross profit b/d	5,000
To Rent	1,000	By profit on sale of	
To depreciation of plant	1,000	Building	5,000

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

To loss of sale of furniture	500	(B.V. 10,000; sales	
To goodwill written off	1,000	Value 15,000)	
To net profit	5,500		
	<b>10,000</b>		<b>10,000</b>

OR

- (b) Discuss the importance of ratio analysis for inter-firm and intra-firm comparison, including circumstances responsible for its limitations, if any.

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