

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com. (Hons), Winter 2017 – 18 Examination

Semester: 1
Subject Code: 16100101
Subject Name: Fundamentals of Accounting

Date: 01/12/2017
Time: 10:30 am to 1:00 pm
Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**A) Choose the correct option. (Each of one mark)****(06)**

1. Under straight line method depreciation remains _____.
a) Zero
b) Constant
c) Decreasing
d) Increasing
2. Which of the following is not an accounting concept?
a) Entity
b) Consistency
c) Depreciation
d) Matching
3. Which of the following is correct?
a) Capital = Asset – Liabilities
b) Capital = Asset + Liabilities
c) Asset = Liabilities – capital
d) Liabilities = Asset + capital
4. Outstanding salaries are shown as _____.
a) An Expense
b) A Liability
c) An Asset
d) None
5. Error of omission _____ affect the agreement of the Trial Balance
a) do not
b) do
c) Both (a) & (b)
d) None of the Above
6. Users of accounting information include _____.
a) Creditors
b) Lenders
c) Customers
d) All of the above

B) Write below Terms. (Each of one mark)**(06)**

1. Accounting
2. Ledger
3. Journal
4. Capital
5. Trial Balance
6. Posting

Q.2 Answer the Following. (Each of 04 mark)**(12)**

1. Define Accounting and explain its objective in brief.
2. Write brief note on Accounting Cycle
3. Journalize the following transactions:

2017

June 1 Purchased goods worth Rs.300 from Vimal and Rs.500 from Kamal on credit.

June 3 Sale of goods worth Rs.1,000 to Balram and Rs.700 to Dhanram.

June 5 Cash of Rs.900 received from Ramasamy and Rs.800 from Krishnasamy.

June 7 Paid Rs.800 to Pradeep and Rs.500 to Kuldeep.

June 9 Withdrawn from bank Rs.600 for office use and Rs.300 for personal use.

Q.3 Answer the following. (Any Three) (Each of 06 mark)**(18)**

1. A company charges depreciation on plant and machinery under SLM method at 25% per annum. On 15th January 2017 machinery was purchased for Rs. 1,00,000 is estimated to have a life of four years. From the above information you are required to prepare a machinery account.
2. Explain types of Accounts with proper explanation.
3. Explain Money Measurement and Going Concern Concept in brief.

4. Pass rectification entries for below mentioned transactions.
 1. Credit sales to Mohan Rs. 10,000 were not recorded in the sales book.
 2. Credit sales to Mohan Rs. 10,000 were recorded as Rs. 1,000 in the sales book.
 3. Credit sales to Mohan Rs. 10,000 were recorded as Rs. 12,000.
 4. Credit sales to Mohan Rs. 10,000 was correctly recorded in the sales book but was posted to Ram's account.
 5. Rent paid Rs. 2,000 was wrongly shown as payment to landlord in the cash book
 6. Credit sales to Rajni Rs. 5,000 recorded in Purchases book

Q.4 Answer the following. (Any two) (Each of 09 mark)

(18)

1. Following balances were extracted from the ledger of AFC Ltd. as on 31st March, 2016. You are required to prepare a Trial Balance as on date.

Particulars	Rs.	Particulars	Rs.
Capital	90,000	Rent	3,000
Drawings	3,000	Taxes	1,500
Purchases	1,21,500	Insurance	1,200
Sales	1,40,000	Creditors	9,000
Return Inward	500	Debtors	2,000
Return Outwards	1,000	Cash In Hand	300
Carriage Inward	1,500	Cash At Bank	3,000
Carriage Outward	1,000	Furniture	6,500
Opening Stock	15,000	Bank Overdraft	20,000
Scooter	20,000	Land	73,000
Salaries	7,000		

2. Elaborate the concepts of Depreciation, Depletion and Amortization with proper example.
3. From the following trial balance of Mitul Shah, prepare Trading and P & L Account for the year ending on 31st March, 2016 and Balance Sheet as on that date.

Dr. Balance	Rs.	Cr. Balance	Rs.
Opening stock (1-4-2015)	17,000	Capital	1,00,000
Purchases	96,100	Creditors	55,600
Wages	7,400	Sales	1,72,000
Carriage inward	5,400	Rent	2,400
Carriage outward	2,000		
Salary	6,000		
Buildings	80,000		
Furniture	4,600		
Depreciation on Furniture	500		
Debtors	81,000		
Insurance premium	1,600		
Printing and stationery	2,500		
Sundry expenses	4,400		
Repairs	1,000		
Cash on hand	12,500		
Drawings	8,000		
	3,30,000		3,30,000

Adjustments:

1. Value of closing stock was Rs. 7600.
2. Rs. 1200 was outstanding for salaries.
3. Depreciate building by 5%.
4. Insurance paid in advance Rs. 100.
5. Buildings rent received in advance was Rs. 300.