

PARUL UNIVERSITY
FACULTY OF LAW
B.Com. LL.B., Winter 2019 – 20 Examination

Semester: 1
Subject Code: 17302101
Subject Name: Fundamental of Accounting

Date: 29/11/2019
Time: 10:30am to 1:00pm
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. (1 marks each. All Compulsory)**(15)**

Fill in the blanks

1. Accounting Standard – 9 (AS 9) deals with _____.
2. Trading Account is prepared to find out _____.
3. Expense incurred for repair of car is _____ type of Account.
4. As per _____, business and the owner are considered as separate entities.
5. _____ refers to the cost relating to the operations during an Accounting period.
6. Events occurring after Balance Sheet date is covered by _____.
7. _____ are highly liquid short-term assets which are readily converted to cash.
8. _____ account is divided into tangible and intangible accounts.

State True or False

1. AS – 1 Disclosure of Accounting Policies is mandatory in nature.
2. Outstanding Expenses are shown on Asset side of Balance Sheet.
3. Inventories should be valued at cost or market value whichever is higher.
4. Cash basis is one of the systems of Book-keeping.
5. Journal & Ledger are Primary books of Accounts.
6. Creditors are the external users of Accounting information.
7. Amount by which total assets exceed third party liabilities is called Net Worth.

Q.2 Write short notes on (Each of three mark)**(15)**

1. Types of Accounts
2. System of accounting.
3. External users of Accounting Information.
4. Secondary books of accounts.
5. Accounting Principles.

Q.3 (A) From the following information prepare Trial Balance**(08)**

Particulars	Amount (Rs.)
Capital	4,15,300
Cash in Hand	25,000
Building	1,15,000
Cash at Bank	84,700
Machinery	60,000
Creditors	68,000
Furniture	11,000
Rent	48,000
Car	68,000
Opening Stock	86,000
Commission	1,400
Rates & Taxes	2,600
Purchases	94,000
Bad Debts	3,200
Sales	1,96,000
Insurance	2,400

(07)

General Expenses	800
Debtors	16,200
Salaries	94,000
Closing Stock	12,000
Unearned Revenue	16,000
Interest Received	5,000

OR

(A) Trial Balance of M/s Shinde Enterprises did not agree. It puts the difference to the Suspense A/c. Rectify the following errors and prepare the Suspense A/c to ascertain the original difference in the trial balance.

- Amount paid for the installation of the machinery Rs.10000 was posted to the Repairs and maintenance A/c.
- Total of Purchases book Rs.50000 was not posted to the ledger.
- Goods returned to John Rs.3000 were recorded in Sales Book.
- Salary paid to Ram Rs.6000 was debited to his personal account.
- Depreciation written-off on furniture Rs.500 was not posted to the furniture account.
- Goods returned to John Rs.7000 were recorded in Sales Book
- Salary paid to Krishna Rs.8000 was debited to his personal account.

(B) State whether the following items will be shown in Profit & Loss Account or Balance Sheet

1. Machinery costing Rs. 2,00,000.
2. Spent Rs. 20,000 for painting of factory building
3. Legal expense of Rs. 8,000.
4. Insurance Premium of Rs. 35,000.
5. Wages paid Rs. 10,000.
6. Creditors worth Rs. 5,000
7. Opening Stock Rs. 60,000

(07)

OR

(B) Draw the format of trial balance and explain all types of errors that occur while preparing trial balance.

Q.4 Practical problem solving

Prepare Trading A/c, Profit & Loss A/c and Balance sheet from the following Trial Balance.

(07)

(08)

Particulars	Debit (Rs)	Credit (Rs)
Capital	-	27,000
Drawings	4,260	-
Stock as on 1 st April	8,760	-
Purchase and Sales	62,172	71,436
Return	1,260	1,746
Salaries & Wages	2,640	-
Rent	720	-
Carriage	1,500	-
Rates & Taxes	1,200	-
Bank Overdraft	-	1,950
Bad Debts	1,032	-
Debtors & Creditors	19,200	6,000
Cash in Hand	288	-
Provision for Bad Debts	-	600
Bills Receivable & Payable	1,440	1,080
Discount	-	360
Furniture	5,700	-
Total	1,10,172	1,10,172

You are also required to consider the following information:

1. Stock as on 31st March was valued at 10,200.
2. Provide Doubtful Debts at 5% on Debtors.
3. Rent due Rs. 160.
4. Tax Rs. 320 paid in advance.
5. Depreciate furniture by 10%
6. Calculate interest on capital at 5%.