

<b>Course Code</b>	: 2101MN503	<b>Date</b>	: 08-11-2023
<b>Course Name</b>	: Fundamentals of Accounting	<b>Duration</b>	: 150 Minutes
		<b>Total Marks</b>	: 70

**Instructions:**

1. Attempt all the questions.
2. Figures to the right indicates maximum marks.
3. Make suitable assumptions wherever necessary.

- Q.1 (A)** Define the following: **4**
- (I) Voucher
  - (II) Tangible Assets
  - (III) Insolvent
  - (IV) Bad-debts

- (B)** Explain any THREE branches of accounting. **3**

**OR**

Draw the Diagram of Types of Accounts and Mention the Golden Rules of it.

- (C)** Write a short note on Accounting Concepts. **7**

**OR**

“Users of Accounting Information plays a vital role in every Organization.” – Comment.

- Q.2 (A)** Define Subsidiary Books. Explain different types of it. **4**
- (B)** Journalize the following transactions in the books of Munna and prepare Cash Account and Capital Account from his ledger. **10**

2023

Jan 1. Commenced business with cash ₹ 15,000, Machinery ₹ 5,000, Land ₹ 20,000 and Furniture ₹ 10,000.

Jan 3. Due to need for more money in business, he sold his personal car for ₹ 50,000 and brought half the amount in business.

Jan 10. Purchased goods from Raju Hirani of ₹ 10,000 at 10% cash discount and paid half the amount by cheque.

Jan 15. Employed Munim Vidhu Vinod at a monthly salary of ₹ 3,000.

Jan 18. Returned goods of ₹ 2,000 to Raju Hirani.

Jan 22. Goods of ₹ 200 was given to Earthquake Relief Fund.

Jan 25. Goods of ₹ 1,000 were burnt by fire, for which insurance company has accepted a claim of ₹ 500.

Jan 30. Paid salary to Munim for 15 days.

**OR**

Journalize the following transactions in the books of Twinkle, and prepare Twinkle's capital account and Bank Account.

1. Twinkle started business with Cash ₹ 50,000, furniture ₹ 30,000, Stock ₹ 20,000 and Debtors ₹ 50,000.

2. Goods of ₹ 40,000 purchased from Shilpa at 10% Trade discount and 10% Cash discount. Half amount paid by cheque.
3. Machine purchased from Ravina traders for ₹ 75,000 and installation charges paid ₹ 5,000.
4. Paid Son Aarav's school fees ₹ 20,000 by cheque.
5. Goods of ₹ 20,000 were stolen.
6. Goods of ₹ 20,000 received as free sample from Priyanka.
7. Interest of 6 months, paid on Gauri's loan of ₹ 1,00,000 at 10% p.a. by cheque.
8. Bank has credited ₹ 10,000 for interest.

**Q.3 (A)** What is a trial balance? Explain any THREE errors affecting Trial Balance. **4**

**(B)** The following are the details of spare parts of Shahan Shah Mills. You are required to calculate the value of inventory according to, **10**  
(I) LIFO Method and (II) Weighted Average Method.

Date	Particular	Units and amount
1-1-2023	Opening stock	Nil
1-1-2023	Purchased	100 units @ ₹ 30 p/u
15-1-2023	Issued	50 units
1-2-2023	Purchased	200 units @ ₹ 40 p/u
15-2-2023	Issued	100 units
20-2-2023	Issued	100 units
1-3-2023	Purchased	150 units @ ₹ 50 p/u
15-3-2023	Issued	100 units

**OR**

The following balances were extracted from the ledger of Mr. Sachin as on 31<sup>st</sup> March 2023. You are required to prepare his Trial Balance.

Purchase	5,05,000	Return Outward	5,000
Sales	8,20,000	Return Inward	20,000
Debtors	2,80,000	Cash in Hand	20,000
Capital	4,00,000	Wages	30,000
Plant	3,20,000	Drawings	50,000
Bank Overdraft	32,000	Furniture	35,000
Commission Received	10,000	Rent Paid	7,000
Manufacturing Expense	25,000	Prepaid Expense	5,000
Bad-debt	10,000	Creditors	80,000
Office Expense	50,000	Opening Stock	25,000
Bills Receivable	20,000	Carriage Inward	5,000
Carriage Outward	10,000	Bills Payable	30,000
Bank Loan	10,000	General Reserve	30,000

**Q.4 (A)** "Financial Statements shows us where the company's money came from, where it went and where it is now." – Illustrate your views in context of objectives of Financial Statement Analysis. **4**

**(B)** From the following information of Karan Ltd. on 31<sup>st</sup> March 2023, you are required to prepare his Trading Account, Profit & Loss Account and Balance Sheet. **10**

Opening Stock – 5,000; Capital – 89,500; Bills Receivable – 22,500;  
Commission (cr.) – 2,000; Purchases – 1,95,000; Wages 14,000;  
Return Outward – 2,500; Insurance – 5,000; Trade Expense – 1,000;  
Office Fixtures – 5,000; Book Debts – 1,50,000; Cash in Hand – 2,500;

Carriage Inward – 4,000; Cash at Bank – 23,750; Commission (dr.) – 4,000; Rates & Taxes – 5,500; Interest on Capital – 3,500; Carriage Outward – 7,250; Stationery – 2,250; Sales – 2,50,000; Return Inward – 6,500; Creditors – 98,250; Bills Payable – 15,000; Conveyance – 5,000; Income from Sale of Asset – 5,000. The Book Value of Closing Stock is ₹ 12,500, but its Market Value is ₹ 15,000.

**OR**

From the following Trial Balance of Manish as on 31<sup>st</sup> March 2023, prepare the Trading Account, P & L Account and Balance Sheet as on that date.

Particulars	Dr. (₹)	Cr. (₹)
Stock (01.04.2022)	40,000	
Purchases	85,000	
Sales		1,90,000
Sundry Creditors		48,000
Furniture & Fixtures	65,000	
Sundry Debtors	45,000	
Cash at Bank	21,000	
Wages	37,500	
Drawings	15,000	
Telephone Charges	3,000	
Bad Debts	2,000	
Provision for Bad Debts		2,500
Discount Received		3,000
Capital		85,000
Advertising	15,000	
	<u>3,28,500</u>	<u>3,28,500</u>

Adjustments:

- (I) Closing Stock was valued at ₹ 35,000.
- (II) Advertising Expense paid in advance ₹ 3,000.
- (III) Provision for Bad and Doubtful Debt is ₹ 3,000.
- (IV) Provide 10% Depreciation on Fixtures.
- (V) Charge Interest on Drawings @ 10%.

- Q.5 (A)** What is an Expenditure? Explain the types of Expenditures. **4**
- (B)** “Contingent Liability is a liability, which is actually not treated as a liability.” - Explain. **3**

**OR**

Identify the type of Expenditures of the following with Reasons:

- (I) Investment in Shares
  - (II) Wages Paid to Workers
  - (III) Repayment of Bank Loan
  - (IV) Commission Charges Paid
  - (V) Advertisement Campaign Charges
  - (VI) Pension Given to Retired Employees
- (C)** Define and Distinguish between Provisions and Reserves. **7**

**OR**

What is a Balance Sheet? Draw a specimen of a Balance Sheet of Company as per Companies Act with imaginary figures.

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