

**NATIONAL LAW UNIVERSITY, JODHPUR**  
**End Term Examination November - 2024**  
**UG I Semester**  
**Finance I (Principles of Accounting)**

Marks: 100

Time Limit: 3 Hours

**Instructions:**

- i) *Attempt any five questions out of six questions.*
- ii) *Adhere to the examination rules.*
- iii) *Use of simple calculator is permitted.*

Q.1). A. Briefly explain the objectives of accounting.  
 B. Describe the sub-fields of accounting.

(Marks 6+14=20)

Q.2). A. Distinguish between capital and revenue expenditures.  
 B. Write short notes on - Ind AS 108 on Operating Segments and Ind AS 33 on Earnings per share

(Marks 10+10=20)

Q.3). From the following Trial Balance of Turquoise Traders as on 31-3-2024, prepare Trading and Profit & Loss Account and Balance Sheet as on March 31, 2024:

Debit Balances	Rs	Credit Balances	Rs
Opening Stock	16,000	Capital	61500
Land and Building	35,000	Loan from Anjali @ 9% per annum on 1/4/2023	30,000
Machinery	50000	Sundry Creditors	11,100
Furniture and Fixtures	5,000	Purchase Returns	2,100
Purchases	106000	Sales	207300
Salaries	11,000	Discount	1,200
Advertisement Expenses	5,000	Outstanding Rent	1050
Rent	3,000	Commission received in advance	1,500
Mobile and Internet Expenses	1,400		
Stationery	1,300		
Wages	26000		
Freight on Purchases	2,800		
Carriage on Sales	4,000		
Depreciation on Building	4,750		
Sundry Debtors	30,000		

Bad debts	600		
Cash in Hand	900		
Cash at Bank	6,400		
Sales Returns	5,100		
Interest on loan from Anjali	1500		
	315,750		315750

The following further information was given:

- (i) Unrecorded credit purchases amount to Rs 1000 and unrecorded cash sales Rs 2000.
- (ii) Goods amounting to Rs 1250 distributed as free samples.
- (iii) Wages include Rs 2,000 paid for installation of machinery.
- (iv) Depreciation is to be charged as follows: Machinery 10%
- (v) The value of stock on hand on 31-3-2024 was Rs 7450.

(Marks 20)

Q.4). Pluto Co. Ltd. has purchased a machine on January 1, 2022 for Rs 2,50,000. The firm purchased another machine for Rs 4,50,000 on July 1, 2022. The firm sold the first machine for Rs 1,05,000 on September 30, 2023 and on the same date purchased another machine for Rs 1,80,000. The firm follows the policy of charging depreciation at the rate of 15 percent per annum as per written down value method. The firm closes its books of account of March 31 every year. Prepare Machine Account for the year 2022-23 and 2023-24.

(Marks 20)

Q.5). Explain the meaning, significance and interpretation of accounting ratios to judge the profitability related to investments.

(Marks 20)

Q.6). A. Azure Co. Ltd. invited applications for 10000 equity shares of Rs 10 each at par payable as follows:

On application: Rs 3 per share

On allotment: Rs 3 per share

On first call: Rs 2 per share

On second call: Rs 2 per share

Applications were received for 10000 equity shares and allotment was made to all the applicants. Ms. X, a holder of 250 shares, failed to pay allotment money and on her subsequent failure to pay the first call, her shares were forfeited. Ms. Y, a holder of 150 shares failed to pay the two calls and her shares were forfeited. Out of the total forfeited shares, 300 shares (including whole of Ms. X's shares) were reissued to Ms. Z as fully paid up at Rs 11 per share. Pass journal entries to record the above transactions in the books of the company.

B. Cobalt Limited had 6,000, 10% Redeemable Preference Shares of Rs 100 each, fully paid up. The company had to redeem these shares at a premium of 10%.

It was decided by the company to issue the following:

(i) 50,000 Equity Shares of Rs 10 each at a premium of Rs 2 per share

(ii) 2,000 14% Debentures of Rs 100 each.

The issue was fully subscribed and all amounts were received in full. The payment was duly made. The company had sufficient profits. Show Journal Entries in the books of the company.

(Marks 14+6=20)