

39

**NATIONAL LAW UNIVERSITY, JODHPUR**  
**End Term Examination 2023**  
**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. Explain the various types of share capital with the help of a suitable illustration.  
B. Detail out the sub-fields of accounting.

(Marks 10+10=20)

Q.2). Analyse and interpret the following ratios of a company: -

- i) High Earnings per share and Low Dividend per share
- ii) Low fixed asset turnover ratio
- iii) High Gross Profit Ratio and Low Net Profit Ratio
- iv) Low Stock Turnover Ratio and Long Stock Holding Period

(Marks 4\*5=20)

Q.3). State the meaning and significance of the following concepts in preparation of accounts of an entity – money measurement concept, materiality concept, matching concept, dual aspect concept and consistency.

(Marks 20)

Q.4) A. A firm has purchased a machine on January 1, 2020 for Rs 1,00,000. The firm purchased another machine for Rs 2,50,000 on July 1, 2020. The firm sold the first machine for Rs 65,000 on September 30, 2021 and on the same date purchased another machine for Rs 90,000. 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 2020-21 and 2021-22.

B. Differentiate between revenue and capital receipts.

(Marks 15+5 =20)

Q.5). The Balance Sheet of X Ltd. as on 31st March, 2023 is as follows:

Particulars	Amount (Rs)
<b>EQUITY AND LIABILITIES</b>	

40

1	Shareholders' funds	
	a Share capital	5,80,000
	b Reserves and Surplus	96,000
2	Current Liabilities	
	Trade Payables	1,13,000
	Total	7,89,000
	<b>ASSETS</b>	
1	Fixed Assets	
	Tangible assets	6,90,000
	Non-current investments	37,000
2	Current Assets	
	Cash and cash equivalents	62,000
	Total	7,89,000

The share capital of the company consists of Rs50 each equity shares of Rs 450000 and Preference shares of Rs 130000 (Rs 100 each) fully paid up. Reserves and Surplus comprises Profit and Loss Account only.

In order to facilitate the redemption of preference shares at a premium of 10%, the Company decided:

- (a) to sell all the investments for Rs 30,000.
- (b) to finance part of redemption from company funds, subject to, leaving a bank balance of Rs 24,000.
- (c) to issue minimum equity share of Rs50 each at a premium of Rs10 per share to raise the balance of funds required.

Pass the necessary Journal Entries to record the above transactions and prepare the balance sheet as on completion of the above transactions.

Q.6). From the following trial balance of IN Traders, prepare Trading and Profit and Loss account for the year ended on 31-03-2023 and Balance Sheet as on that date after taking into account the adjustments. (Marks 20)

S. No.	Ledger Accounts	Amount (Rs)	
		Debit	Credit
1	Stock as on 1/4/2022	10000	
2	Purchases and Sales	250000	380000
3	Debtors and Creditors	29000	18000
4	Returns	2800	3300
5	Discount	580	850
6	Office equipment	26000	

41

7	Computers	50000	
8	Furniture	23000	
9	Bank Loan		50000
10	Cash in hand	6800	
11	Bank Balance	25000	
12	Interest paid on Bank Loan	500	
13	Commission		550
14	Rent	12000	
15	Investments	24000	
16	Dividend		550
17	Salaries	46000	
18	Bad Debts	1970	
19	Depreciation on Office Equipment	2600	
20	Insurance expenses	3000	
21	Capital		60000
	Total	513250	513250

Following are the adjustments: -

- i. Closing stock is valued at Rs 27,500 on March 31, 2023.
- ii. Charge 20 percent depreciation on Computer and 15 percent depreciation on Furniture.
- iii. Outstanding salaries Rs 1200 and outstanding rent Rs 2400.
- iv. Prepaid Insurance expenses Rs 600.
- v. Unrecorded credit sales amounts to Rs 5000.
- vi. Accrued interest on investments amounts to Rs 580.

(Marks 20)