

Answer any Five questions
All questions carry equal marks

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1. Discuss briefly the basic accounting concepts and fundamental accounting assumption.
2. What is final account? Explain the purpose of preparing trading and P/L and furnish the formats.
3. On 1st April 1994 a firm purchases machinery worth Rs 150000. On 1st October 1996 it buys additional machinery worth Rs 30000 and spends Rs 3000 for its erection. The accounts are closed each year on 31st march. Assuming the annual depreciation to be 10%. Show the machinery account for 5 years under straight line method and written down value method.
4. Compare and contrast
 - a) FIFO and LIFO methods of pricing of materials.
 - b) Simple average and weighted average methods of pricing of materials.
5. Write short notes on
 - a) Redemption of preference shares.
 - b) Call in Advance.
 - c) Forfeiture of shares.
 - d) Buy back of shares.

6. From the following information related to A Ltd., prepare Funds flow statement.

<u>Liabilities</u>	<u>2005</u>	<u>2006</u>	<u>Assets</u>	<u>2005</u>	<u>2006</u>
Share capital	300	400	Cash	30	90
Reserve	100	50	Accounts receivable	105	150
Retained earnings	30	60	Inventories	150	195
Accounts payable	45	135	Fixed Assets	190	210
	<u>475</u>	<u>635</u>		<u>475</u>	<u>635</u>

Additional Information

- a) The company issued bonus shares for Rs 50000 and for cash 50000.
 - b) Depreciation written off during the year Rs 15000.
7. Following are the ratios relating to the trading activities of national traders for the year ended 31st December.

Debtors	Velocity	----- 3 months
Stock	Velocity	----- 8 months
Creditors	Velocity	----- 2 months
Gross profit ratio		----- 2SX
Gross profit for the year		----- 400000

Closing stock is Rs 10000 above the opening stock

Bills Receivable ----- 25000

Bills Payable -----10000

Find out:

- a) Sales
 - b) Closing Stock
 - c) Sundry Creditors
 - d) Purchases
 - e) Sundry Debtors.
8. Discuss Accounting standards issued by ICAI.