



Seat No. : \_\_\_\_\_

# TF-120

May-2013

B.B.A. (Sem.-I)

Financial Accounting : CC-103

Time : 3 Hours]

[Max. Marks : 52

- Instructions :**
- (1) All questions are compulsory.
  - (2) Figures on the right indicate marks.
  - (3) Show **all** the workings.

1. On 31-3-2012, the following Trial Balance of Mr. Shankar was taken out. Prepare Final Accounts for the year after considering the adjustments. 14

**Trial Balance**

Debit	₹	Credit	₹
Patent & Trademark	3,10,000	Capital	6,00,000
Plant & Machinery	2,00,000	Sales	7,28,000
Furniture & Fittings	30,000	Creditors	1,24,000
Travelling Expenses	2,050	Purchase return	12,200
Carriage Inward	10,200	Bills Payable	36,000
Carriage Outward	12,000	Bank Loan at 5% interest	50,000
Purchases	3,60,000		
Sales return	8,000		
Wages	20,200		
Discount	4,000		
Drawings	16,900		
Stock (1-4-2011)	10,000		
Insurance Premium	3,100		
Interest on Bank Loan	2,000		
Cash	20,000		
Debtors	1,41,750		
Preliminary Expenses	4,00,000		
	<b>15,50,200</b>		<b>15,50,200</b>

**Additional Informations :**

- (1) Stock as on 31-3-2012, ₹ 30,000, Market Value of which is ₹ 28,000.
- (2) Prepaid Insurance ₹ 1,100.

- (3) Charge depreciation 5% on Plant and Machinery & 10% on Furniture & Fittings.
- (4) Preliminary Expense is to be written off in 5 years.
- (5) Credit purchase of ₹ 10,000 was not recorded in the books of accounts.

**OR**

From the following Trial Balance of Menaka, prepare Final Accounts as on 31-12-2011 :

Name of Account	Debit	Credit
Plant & Machinery	1,20,000	—
Building on Lease (from 1-7-2011 for 5 years)	1,20,000	—
Printing & Stationery	1,500	—
Opening Stock	90,000	—
Drawings & Capital	30,000	2,67,000
Purchases & Sales	1,80,000	3,60,000
Debtors & Creditors	1,65,000	1,11,000
Cash & Bank Overdraft	1,500	2,400
Insurance, rates & taxes	2,400	—
Salary & unpaid salary	15,000	10,000
Goodwill	10,000	—
Bad Debt & Bad debt reserve	1,200	5,700
Salesman's Commission	1,800	—
Wages	15,600	—
Interest on Bank Overdraft	240	—
Discount	660	1,800
Goods returned	3,000	1,500
Investment in Bank fixed deposit at 10% interest	5,000	—
Provident Fund	—	3,500
	<b>7,62,900</b>	<b>7,62,900</b>

**Adjustments :**

- (1) The closing stock is valued at ₹ 65,000.
- (2) Depreciate Plant & Machinery at 10%.
- (3) Menaka has withdrawn goods of ₹ 1,000 for personal use.
- (4) Out of the debtors ₹ 2,000 is to be written off as bad debts and provision of 5% on debtors is to be made for doubtful debts.
- (5) Stock of stationery on 31-12-2011 is ₹ 500.
- (6) Interest on Bank fixed deposit is due but not received for whole year.

2. (a) Write a short note on :
- (i) Accounting equation with illustration
  - (ii) Difference between :  
Capital Receipt and Revenue Receipt

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**OR**

- Write a short note on :
- (i) Difference between General Reserve and Provision
  - (ii) Describe the rules of Debit and Credit.

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(b) Explain what accounting concept, convention or principle is suggested by the following statements (any 7) : 7

- (1) The business for which the financial statements are prepared is separate and distinct from the owners of the entity.
- (2) Revenue must be recognized when it is realized and expense are recognized when incurred.
- (3) The assumption is made that the entity in question will remain in business for an indefinite period of time.
- (4) The entity must give the same treatment to comparable transactions from period to period.
- (5) Insignificant items need not be disclosed.
- (6) The market value of investment is shown alongwith it's cost price in the Balance Sheet.
- (7) Retirement of Managing Director is not mentioned in the Balance Sheet.
- (8) Closing Stock is valued at either it's cost of mark price, whichever is less.
- (9) The provision is made for doubtful debts on debtors.

3. (a) Show how Trading concern differs from Non-trading concern. 7

**OR**

Difference between Receipt & Payment Account and Income and Expenditure Account.

(b) The following is the Receipt and Payment Account of a club for the year ending on 31-12-2011 : 7

**Receipt & Payment Account for the year ended on 31-12-2011**

Receipts	₹	Payments	₹
To Balance b/d	2,54,940	By Construction of building	1,80,000
To Donations	3,30,000	By Furniture	60,000
To Sundry Income	1,050	By Investment	4,80,000
To Interest on Securities	7,200	By Expense in connection with matches	27,000
To Receipts from Cricket matches	24,000	By Salaries	9,200
To Subscriptions	1,56,000	By Wages	1,000
To Locker Rent	15,000	By Insurance	1,050
		By Telephone Expense	1,380
		By Sundry Expenses	12,000
		By Balance c/d	16,560
	<b>7,88,190</b>		<b>7,88,190</b>

**Additional Information :**

- (1) Subscription Outstanding ₹ 7,500
- (2) Outstanding salaries ₹ 5,100
- (3) Outstanding wages ₹ 2,700
- (4) Outstanding telephone expense ₹ 1,200
- (5) Donations received have to be capitalized
- (6) Depreciate furniture by 10%.

You are required to prepare Income & Expenditure Account with the help of above details.

**OR**

- (b) From the following Receipt & Payment Account of Star Hospital for the year ending 31-3-2012 and adjustments given thereunder, prepare Income & Expenditure Account for the year ending 31-3-2012 :

Receipts	₹	Payments	₹
To Balance (1-4-2011)	5,000	By Purchase of hospital equipments	16,000
To Subscription	60,000	By Medicines Purchased	32,000
To Donations	20,000	By Salary	24,000
To Sale of old newspapers	600	By Honorarium to doctors	12,000
To Fees received from patients	6,000	By Sundry Expense	400
To Interest on Investment	4,000	By Subscription for Newspapers	2,400
To Income from Charity Programme	12,000	By Stationary	2,000
To Legacy received	10,000	By Audit Fees	2,000
To Rent received	2,000	By Electricity Expense	1,200
		By Expense of Charity Programme	8,000
		By Closing cash balance	19,600
	<b>1,19,600</b>		<b>1,19,600</b>

**Adjustments :**

- (1) Subscription received include ₹ 2,000 for last year.
- (2) Opening stock of medicines is ₹ 8,000 and closing stock is ₹ 12,000.
- (3) Interest due but not received on investment ₹ 2,400.
- (4) Subscription outstanding is ₹ 6,000 for current year.
- (5) Provide depreciation on furniture & equipments ₹ 800 and ₹ 2,000.

4. Do as directed (any ten) :

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- (1) Define Bad Debt.
- (2) Income tax refund account is a \_\_\_\_\_ account. Fill in the gap.
- (3) Repair expenses is a capital expenditure. State true or false.
- (4) Give one example of 'Contingent Liability'.
- (5) Receipt and Payment Account is like \_\_\_\_\_ account. Fill in the gap.
- (6) The subscription received in advance during the accounting year will be treated as :  
(a) An Asset (b) An Income (c) A Liability (d) Expense
- (7) Legal fees paid to acquire a property is considered as Capital Expenditure. State true or false.
- (8) Owner's drawing will be deducted from :  
(a) Capital (b) Net Profit (c) Closing Stock (d) Net loss
- (9) Provident Fund is shown on \_\_\_\_\_ side of Balance Sheet. Fill in the gap.
- (10) Give one example of Real Account.
- (11) Discount received from creditors shows \_\_\_\_\_ balance. Fill in the gap
- (12) State true or false  
'Only capital expenses are shown in Receipt & Payment Account'
- (13) Define Capital.
- (14) State true or false :  
'Closing stock is shown in Balance sheet at cost price or market price whichever is less.'
- (15) Define 'Account'.