

Seat No. : _____

MP-108

December-2016

B.B.A., Sem. I

CC-102 : Financial Accounting

Time : 3 Hours]

[Max. Marks : 52

Instruction : Show necessary working notes.

1. (A) Write short notes on : (any one) 4
- (i) Explain the Accounting equation with illustration.
- (ii) Difference between Book-keeping and Accountancy. 4
- (B) Write a note on : (any one)
- (i) Deferred Revenue Expenditure.
- (ii) Secret Reserve.
- (C) State which accounting concept, convention or principle is suggested by the following statements : 6
- (1) Stock is valued at cost or market value whichever is less.
- (2) Unpaid expense of the current year is debited to profit and loss account of the current year, even though it is not paid.
- (3) Market value of Investments is shown as a footnote.
- (4) Bad-debt reserve is provided on debtors.
- (5) To make change in the method of valuation of stock every year, is not considered proper.
- (6) Life insurance premium paid on the proprietor's life is debited to drawings account.
2. From the following information of Surat Youth Club, prepare its Income and Expenditure account for the year ended 31-3-2016 and Balance-Sheet as on that date. 14

Receipts and Payments Account

(For the Year ended on 31-3-2016)

Receipts	₹	Payments	₹
To Balance b/d	45,000	By Purchase of Sports Equipment 3	75,000
To Entrance fees (one half capitalized)	90,000	By Salaries 2	90,000
To Subscription 1	1,50,000	By Canteen Expense	3,30,000
To Interest on 10% Investment 5	12,000	By Postage & Stationery 7	36,000
To Canteen collection	3,60,000	By Rent, Rates and Taxes	72,000
To Sale of 10% investment (on 1-10-2015) Cost Price ₹ 60,000)	51,000	By Newspapers and Magazines	30,000
To Sale of Pasti	3,000	By Sundry Expenses	48,000
		By Bal,c/d	30,000
	7,11,000		7,11,000

Additional Information :

Particulars	On 31-3-2015	On 31-3-2016
	(₹)	(₹)
Subscription Outstanding	15,000	21,000
Subscription received in Advance	3,000	4,500
Salaries Outstanding	6,000	7,500
Sports Equipment	1,80,000	1,50,000
Furniture	1,20,000	96,000
10% Investments	2,40,000	1,80,000
Stationery Stock	-	6,000
Capital Fund	5,91,000	-

OR

Differentiate between :

- Trading concern and Non-trading concern.
- Receipts and Payment Account and Income and Expenditure Account.

3. From the following Trial Balance of Shri Vishal, prepare Trading account and Profit & Loss Account for the year ending on 31-3-2016 and the Balance-sheet as on that date : 14

Name of Account	Debit (₹)	Credit (₹)
Capital	-	1,53,380
Stock (1-4-2015)	93,600	-
Sales	-	7,79,200
Returns	17,200	11,600
Purchases	6,43,400	-
Carriage inward	39,200	-
Rent & Taxes	9,400	-
Salaries & Wages	18,600	-
Debtors	48,000	-
Creditors	-	29,600
Bank Loan at 14% p.a.	-	40,000
Interest on Bank loan	2,200	-
Printing & Stationery	28,800	-
Bank Balance	16,000	-
Discount Earned	-	8,880
Furniture & Fittings	50,000	-
Discount allowed	3,600	-
General Expense	22,900	-
Insurance premium	2,600	-
Postage and Fax Expense	4,660	-
Cash Balance	760	-
Travelling Expense	1,740	-
Drawings	20,000	-
	10,22,660	10,22,660

Additional Information :

- (1) Stock on 31-3-2016, ₹ 1,50,000.
- (2) A quarter of the amount of Printing and Stationery is to be carried forward to the next year.
- (3) Credit purchase invoice amounting to ₹ 8,000 has been omitted from the books.
- (4) Provide depreciation on furniture at 10% p.a.
- (5) Goods costing ₹ 10,000 was destroyed by fire and claim admitted by insurance company is ₹ 7,500 not recorded in the books.
- (6) Write off ₹ 1,000 for bad-debts and create bad debt reserve at 10% on debtors.
- (7) Personal purchases of Shri Vishal amounting to ₹ 1,400 had been recorded in the purchase-day book.

OR

Prepare trading and profit and loss account for the year ended 31-3-2016 and the Balance Sheet as on 31-3-2016 from the following trial balance of Mr. Maulik as on 31-3-2016.

Particulars	Debit (₹)	Credit (₹)
Capital and Drawings	1,20,000	3,00,000
Stock on 1-4-2015	1,35,000	—
Purchases & Sales	5,10,000	9,00,000
Goods Return	24,000	45,000
Freight	54,000	—
Salaries	30,000	—
Unpaid Salaries	—	3,000
Rent & Taxes	15,000	—
Debtors and Creditors	1,35,000	75,000
Bank Loan at 12% p.a.	—	90,000
Bank loan interest	6,000	—
Printing & Advertising	45,000	—
Sundry Income	—	6,600
Discount	5,400	2,400
General Expense	50,100	—
Insurance (upto 30-6-2016)	3,900	—
Postage and Telegram	6,990	—
Cash in hand	60,000	—
Travelling Expense	2,610	—
Lease hold premises (on 1-10-2015 for 5 years)	2,19,000	—
	14,22,000	14,22,000

The following adjustments should be made :

- (1) The stock on 31-3-2016 is ₹ 5,40,000. The market value of 10% stock is less by 10%.
- (2) Goods of ₹ 5,000 are given to the temple for distribution to poor, but it is not recorded in the books.
- (3) A provision for bad and doubtful debts is to be created to the extent of 5% on debtors.
- (4) Outstanding Rent and Taxes ₹ 5,000.
- (5) Interest at the rate of 5% p.a. is to be allowed on capital.
- (6) Interest on drawings ₹ 4,000.
- (7) Mr. Maulik's son is working with him in business and is paid on annual salary of ₹ 30,000. This amount is included in drawings.

4. Do as directed :

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- (1) Legacy is treated as _____ income. (Revenue/Capital)
- (2) Retirement of Managing director is not mentioned in the books of accounts. (True or False.)
- (3) Outstanding salary is a _____ account. (Real/Nominal/Personal)
- (4) Write rule of debit and credit for 'Nominal account'.
- (5) Amount obtained on sale of fixed assets is an example of Revenue receipt. (True or False.)
- (6) Give one example of 'Specific Reserve'.
- (7) Trial Balance is _____.
(Summary statement of ledger balances/statement of financial position).
- (8) Loss on sale of old furniture is debited
(a) Profit & Loss account.
(b) Trading a/c
(c) Furniture a/c.
(d) Depreciation a/c.
- (9) In Normal course, Receipt and Payment Account shows :
(a) Debit balance
(b) Credit balance
(c) Excess of Expenditure
(d) Decrease in Capital Fund
- (10) Define : 'Goods'