

JB2-118

January-2016

B.B.A., Sem.-I**CC-102 : Financial Accounting**

Time : 3 Hours]

[Max. Marks : 52

- Instructions :** (1) All questions are compulsory.
(2) Show necessary working notes.

1. (a) Write short notes : (any one) 4
- (i) Explain the accounting equation with illustration.
- (ii) Types of accounts with examples, also stating the rules of debit and credit.
- (b) Differentiate between Capital Receipt and Revenue Receipt. 4
- OR**
- (c) What is Secret Reserve ? Mention its advantages and disadvantages.
- (c) State which accounting concept, convention or principle is suggested by the following statements : 6
- (1) A claim lodged before the insurance company and not accepted by it is not shown as a contingent asset.
- (2) A uniform policy of charging depreciation is adopted every year.
- (3) Assets like patents and trade-mark are not written off in one year only.
- (4) Retirement of General Manager is not recorded in the books of account.
- (5) Capital is shown in the Balance Sheet as liabilities.
- (6) Expenses are classified into Capital, Revenue or Deferred Revenue Expenses.
2. A summary of Receipts and Payments of XYZ Aid Society for the year ended 31-3-2015 : 14

Receipts	₹	Payments	₹
To Balance b/d	20,000	By Payment for medicine	2,40,000
To Subscription	3,60,000	By Honorarium to doctors	1,60,000
To Legacy	40,000	By Drama show expenses	60,000
To Drama show proceeds	1,60,000	By Salary	20,000
To Interest on 8% investments p.a.	64,000	By Sundry Expenses	1,20,000
To Donation	2,00,000	By Equipment purchased	2,04,000
	2,00,000	By Balance c/d	40,000
	8,44,000		8,44,000

With the help of additional information given below, prepare Income and Expenditure Account and Balance Sheet for the year ended on 31-3-2015 :

Additional Information :

	31-3-2014 (₹)	31-3-2015 (₹)
Value of Building	2,00,000	1,80,000
Value of Equipments	4,00,000	4,80,000
Creditors for medicine	80,000	60,000
Subscription due	40,000	60,000
Subscription received in advance	16,000	8,000

OR

- (a) What is meant by Non-trading concern ? State how non-trading concern differs from trading concern. 7
- (b) Differentiate between Receipts and Payments A/c. and Income and Expenditure A/c. 7

3. The following is the Trial Balance of Shri Kumar as on 31-12-2014. Prepare Final Accounts from the information given as under : 14

Name of Account	Debit	Credit
Opening Stock	90,000	—
Drawings and Capital	30,000	2,67,000
Printing and Stationery	1,500	—
Purchases and Sales	1,80,000	3,60,000
Debtors and Creditors	1,65,000	1,11,000
Plant & Machinery	1,20,000	—
Building on Lease (from 1-7-2014 for 5 years)	1,20,000	—
Repairs	1,500	—
Goods returned	3,000	1,500
Discount	660	1,800
Interest on Bank Overdraft	240	—
Wages and Octroi	15,600	—
Salesman's Commission	1,800	—
Bad debt and Bad-debt recovered	1,200	5,700
Salary	15,000	—
Insurance, rates and taxes	2,400	—
Cash and Bank overdraft	1,500	2,400
	7,49,400	7,49,400

Adjustments :

- (1) The closing stock is valued at ₹ 1,20,000.
- (2) Depreciate Plant & Machinery at 10%.
- (3) Calculate interest on capital at 6% and interest on drawings ₹ 1,000.
- (4) Stock of stationery on 31-12-2014 is ₹ 500.
- (5) Goods worth ₹ 3,500 is burnt by fire against which the insurance company accepted a claim of ₹ 1,000.
- (6) Shri Kumar has withdrawn goods of ₹ 300 for personal use and goods worth ₹ 1,000 is stolen.
- (7) Insurance includes ₹ 300 per-paid.

OR

From the following balances taken from the ledger of Shri Kirtan on 31-3-2015, prepare the Trading A/c., Profit & Loss A/c. for the year ending on 31-3-2015 and Balance Sheet as on that date :

Debit Balance	₹	Credit Balance	₹
Drawings	12,000	Capital A/c.	1,60,000
Plant & Machinery (as on 1-4-2014)	40,000	Sundry Creditors	20,000
Plant & Machinery (purchased on 1-10-2014)	10,000	Sales	2,40,000
Purchase	1,64,000	Return Outward	2,000
Opening stock	30,000	Provision for bad-debts	800
Return Inward	4,000	Discount	1,600
Sundry Debtors	41,200	Commission Received	2,400
Furniture	10,000		
Freight	4,000		
Carriage Outward	1,000		
Rent (paid upto 30-6-2015)	12,000		
Printing & Stationary	4,400		
Advertisement	800		
Postage & Telegram	1,600		
Insurance	1,400		
Salaries & Wages	42,600		
Cash on Hand	12,400		
Cash at Bank	35,400		
	4,26,800		4,26,800

Adjustments :

- (1) Closing stock is valued at ₹ 30,000.
- (2) Write off ₹ 1,200 as bad-debt and provision for doubtful debts is to be maintained at 5% on debtors.
- (3) Create a provision for discount on debtors and creditors at 2%.
- (4) Provide for depreciation on furniture at 5% and on plant and machinery at 20% per annum.
- (5) A quarter of the amount of advertisement expense is to be carried forward to the next year.
- (6) Commission received in advance ₹ 400.
- (7) Proprietor has taken goods costing ₹ 1,000 for which no entry has been made.

4. Do as directed :

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- (1) Define : Transaction.
- (2) Bank loan is a _____ account. (Real / Nominal / Personal)
- (3) Expenditure on heavy advertising to introduce a new product or to explore a new market is capital expenditure. (State true or false)
- (4) A provision is a charge to profit set aside to meet the known loss or known liability. (State true or false)
- (5) The subscription received in advance during the accounting year will be treated as
 - (a) An asset
 - (b) An income
 - (c) A liability
 - (d) Contingent liability
- (6) Subscription for life membership is a _____ income. (Capital / Revenue)
- (7) Income and Expenditure Account is just like a Cash A/c. (State true or false)
- (8) Goods destroyed by fire should be credited to
 - (a) Sales A/c.
 - (b) Insurance Claim A/c.
 - (c) Trading A/c.
 - (d) Loss due to Fire A/c.
- (9) Provident Fund is a _____. (Asset / Liability / Income / Expense)
- (10) Apprentice Premium is _____. (Income / Expense)