

Seat No. : _____

DC-103

December-2013

B.B.A. Sem.-I

CC-102 : Financial Accounting

Time : 3 Hours]

[Max. Marks : 52

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

1. The following is the Trial Balance of Shri Kumar as on 31-12-2012. Prepare Final Accounts from the following information :

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Name of Accounts	Debit	Credit
Opening Stock	60,000	—
Drawings & Capital	20,000	1,80,000
Purchases & Sales	1,20,000	2,50,000
Printing & Stationery	1,000	—
Debtors & Creditors	1,10,000	80,000
Cash & Bank Overdraft	1,000	1,600
Plant & Machinery	80,000	—
Building on Lease (from 1-1-2012 for 5 years)	50,000	—
Repairs	1,000	—
Goods Returned	2,000	1,000
Discount	250	1,200
Interest on Bank Overdraft	160	—
Wages	10,500	—
Salesman Commission	1,200	—
Bad Debts & Bad Debt Reserve	800	3,800
Salary	10,000	—
Insurance, Rates & Taxes	1,600	—
Goodwill	48,090	—
	5,17,600	5,17,600

Adjustments :

- (1) The closing stock is valued at 40,000 of which the market value of 10% stock is less by 10%.

- (2) Depreciate Plant and Machinery at 10%.
- (3) 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.
- (4) Stock of stationery on 31-12-2012 is ₹ 250.
- (5) Insurance includes ₹ 100 prepaid & ₹ 250 for Life Insurance Premium.
- (6) Goods worth ₹ 1,000 is burnt by fire against which the insurance company accepted a claim of ₹ 700.

OR

From the following Trial balance of Shri Kapoor, prepare Trading Account & Profit & Loss A/c. for the year ending on 31-3-2013 and the Balance Sheet as on that date :

Trial Balance as on 31-3-2013

	Debit	Credit
Capital	–	1,50,000
Stock (1-4-2012)	90,000	–
Sales	–	7,89,000
Returns	17,200	11,200
Purchases	6,10,000	–
Carriage Inward	40,000	–
Insurance Premium (paid upto 31-5-2013)	4,200	–
Salaries & Wages	21,000	–
Debtors	48,000	–
Creditors	–	28,900
Bank loan at 10% p.a.	–	30,000
Interest on Bank loan	1,500	–
Depreciation on Plant & Machinery	3,000	–
Plant & Machinery	1,60,000	–
Bank Balance	16,000	–
Discount Earned	–	8,100
Furniture & Fittings	25,000	–
Postage & Fax Expenses	4,100	–
Travelling Expenses	1,400	–
Drawings	20,000	–
Rent & Taxes	8,000	–
Contribution to Provident Fund	2,000	–
Provident Fund	–	54,200
	<u>10,71,400</u>	<u>10,71,400</u>

The following adjustments are to be made :

- (1) Stock on 31-3-2013, ₹ 1,50,000.
- (2) Credit purchase invoice amounting to ₹ 8,000 had been omitted from the books.
- (3) Personal purchases of Shri Kapoor amounting to ₹ 1,000 has been recorded in the purchase day book.
- (4) Interest at the rate of 5% p.a. is to be allowed on capital and interest on drawings is ₹ 1,000.
- (5) Provide 5% for doubtful debts on debtors.
- (6) During the year goods worth ₹ 5,000 were distributed as samples.

2. (a) Write short notes : 4
- (i) Types of Account
 - (ii) Balance Sheet Equation / Accounting Equation
- (b) Differentiate between Capital Receipt and Revenue Receipt. 4

OR

Write a note on 'Secret Reserve'.

- (c) State which accounting concept, convention or principle is suggested by the following statements : (any six) 6
- (1) Generally the accounts of the business are prepared on an annual basis.
 - (2) In Balance Sheet capital is shown as a liability.
 - (3) Depreciation is charged on assets every year by the same method.
 - (4) The provision is made for doubtful debts on debtors.
 - (5) Expenses are classified into capital revenue or deferred revenue expenses.
 - (6) Contingent Liabilities are shown as footnote in the Balance Sheet.
 - (7) Assets purchased are to be recorded in the books of account at the actual amount paid for them.

3. Give below is the Receipts and Payment Account of Sports club for the year ending 31st December 2012 : 14

Receipts	₹	Payments	₹
To Balance b/d	67,500	By General Expenses	4,500
To Subscriptions		By Salaries	27,000
2011	22,50	By Drama Expenses	22,500
2012	90,000	By Printing & Stationery Exp.	5,400
2013	3,600	By Municipal Taxes	2,700
To Sales of Newspaper	2,250	By Charity	18,000
To Sale of Drama tickets	47,250	By Investments	90,000
To Entrances Fees	38,250	By Purchase of furniture	45,000
		By Electric charges	9,000
		By Bal c/d	27,000
	2,51,100		2,51,100

Prepare Income & Expenditure A/c. for the year ended on 31-12-2012 and its Balance Sheet as on that date after taking the following information into account :

- (1) There are 1200 members each paying ₹ 75 as annual subscription.
- (2) ₹ 2,700 subscription is still outstanding for the year 2011.
- (3) ₹ 1,000 salaries is outstanding for the year 2012.
- (4) Municipal taxes amounting ₹ 2,700 per annum have been paid upto 31st March, 2013.
- (5) 8% interest has accrued on investment for 6 months.
- (6) Building Account shows a balance of ₹ 2,25,000 on 1-1-2012 and it is required to write off depreciation at 10% per annum.
- (7) Entrance Fees are to be capitalized.

OR

- (a) Differentiate between Receipts & Payment A/c. & Income & Expenditure Account. 7
- (b) Write a note on the characteristics of the non-trading concern. Give the names of four institutions, preparing Income and Expenditure Account. 7

4. Do as Directed : (any **ten**) **10**

- (1) In normal course, Receipt & Payment Account shows :

(a) Debit Balance	(b) Credit Balance
(c) Excess of Expenditure	(d) Excess of Income
- (2) The subscription received in advance during the accounting year will be treated as

(a) An Asset	(b) An Income
(c) A Liability	(d) A Contingent Liability
- (3) Income & Expenditure Account is just like

(a) Receipts & Payment A/c.	(b) Trading A/c.
(c) Cash A/c.	(d) Profit & Loss A/c.
- (4) Journal is a book of

(a) Credit transactions	(b) Cash transactions
(c) Original entry	(d) Secondary entry
- (5) Capital = Assets – _____
- (6) Write rule of Debit & Credit for 'Personal Account'.
- (7) Income Tax Account is a _____ Account.
- (8) Define : 'Discount'.
- (9) Define : 'Bad Debt'.
- (10) Incurred for repairs to the machinery is a revenue expenditure. (true/false)
- (11) Legal fees to acquire property is Capital expenditure. (true/false)
- (12) Define : 'Provision'.
- (13) Net profit of a firm is added to _____ Account.
- (14) Carriage inward is debited to _____ Account.
- (15) Provident Fund is a _____. (Asset/Liability/Income/Expense)