

Seat No. : _____

NP-105

December-2015

LL.B. (Int.) (BA, BBA, B.Com), Sem.-I

IL BBA 103 : Financial Accounting

Time : 3 Hours]

[Max. Marks : 70

1. (A) Explain Characteristics and objects of Accounting. 7
- (B) Explain Advantages and Limitations of Accounting. 7

OR

- (A) Explain Accounting cycle.
 - (B) Mention differences between Income - expenditure account and profit and loss account.
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2. (A) Explain difference between capital and revenue expenditure. 7
 - (B) Discuss differences between Receipt – payment account and Income – expenditure account at length. 7

OR

- (A) Short Note: single entry system.
- (B) Difference between economic transactions & non Economic Transactions.

3. From following information prepare Trading account, profit and loss account and Balance sheet as on 31.03.2015 of Mr. Bean and Co. after considering the adjustment given below :

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Trial Balances as on 31/03/2015

Debit Balances	₹	Credit Balances	₹.
Debtors	23,310	Creditors	20,466
Salaries	4,900	Capital	99,000
Carriage inward	3,250	Sales	1,42,034
Carriage outward	928	Rent	1,200
Land & Building	31,600	Bills payable	507
Machinery	30,750	Purchase returns	4,350
Stock (01-04-2010)	34,200	Bank loan	12,000
Office expenses	1,240	Int. on Investment of P.F.	360
Sales return	544	Int. on debenture	600
Furniture	9,200		
Stationary & printing	990		
Drawings	12,795		
Bank Balances	1,150		
Tools	1,000		
Taxes and Insurances	590		
Investment of P.F.	3,600		
Interest on Bank loan	240		
Freight and octroi	260		
Contribution to P.F.	350		
Cash Balances	780		
Bills receivables	100		
12% Debenture	10,000		
Leasehold Buildings (for 10 years)	20,000		
Advertisement suspense A/c	4,000		
Postage and telegrams	200		
Purchases	78,740		
Wages	1,300		
Bad debts	500		
Rent	4,500		
TOTAL	2,81,017	TOTAL	2,81,017

Adjustments :

- (1) Cost of closing stock is ₹ 21,000/- but its market value is ₹ 19,707/-
- (2) An advertisement campaign was taken up during the year and its expenses were debited to suspense a/c which is to be written off over four years.
- (3) Prepaid insurance ₹ 80/-, salary unpaid ₹ 240/-, commission due but not received ₹ 520/-, rent received in advance ₹ 110/-
- (4) Depreciate land & Building at 2.5% , furniture at 5% and machinery at 10% p.a. The market value of tools was estimated at ₹ 900/-
- (5) Allow interest on capital at 5%. Charge interest on drawings of ₹ 520/-
- (6) Write off ₹ 310/- as bad debts from debtors.
- (7) Salaries include ₹ 900/- paid to servant at home.
- (8) Rent includes ₹ 1,500/- paid for residential building.
- (9) A credit sale of ₹ 1,200/- was omitted to be recorded.

OR

3. (A) What is Audit in Tally 7.2 version ? 7
- (B) What is depreciation ? Explain the straight line method and Reducing Balance method of charging depreciation with illustrations. 7
4. You are required to prepare the Income & Expense A/c for the year ending 31/03/2015 and Balance sheet as on that date of Karnavati Club Limited. 14

Balance Sheet as on 31/03/2015

Liabilities	₹	Assets	₹
Sub. Received in advance	1200	Land & Building	60000
O/S Expenses	2800	Cash on hand	20000
6% Loan	10000	O/S debtors:	
		For subscription	760
		For lockers rent	480
Income & Exp. A/c	3240		
Capital Fund	64000		
TOTAL	81240	TOTAL	81240

Receipts and Payment Account For the year ending 31/03/2015

Receipts	₹	Payments	₹
To, Balance (1-04-2014)	20000	By, Furniture (1-10-2010)	8000
To, Subscription:		By, Expenses:	
2008-09	400	2008-09	2400
2009-10	4200	2009-10	4000
2010-11	300		
To, Entrance Fees	1600	By, Interest on loan	300
To, Locker rent	1400	By, Refreshment Exp.	4500
To, Income from Refreshment	8000	By, Balance (31-03-2010)	16700
TOTAL	35900	TOTAL	35900

Adjustments :

- (1) Subscription due but not received for the year 2014-15 is ₹ 1,600/-
- (2) Expenses due but not paid for the year 2014-15 is ₹ 500/-
- (3) Salary due but not paid ₹ 1,000/-
- (4) Depreciation land & building at 5% and furniture at 10%.
- (5) One half entrance fees is to be capitalized.
- (6) Locker's rent due but not received for the year 2014-15 is ₹ 180/-

OR

4. (A) What are the features of Tally 7.2 version ? 7
- (B) How will you prepare income expenditure account from a Receipts and payment account. 7

5. Do as directed :

(A) Short note: sundry creditors and debtors.

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(B) Rewrite the sentence by choosing right option from below.

(10 × 1)

(1) Accounts Receivable & Inventory are the examples of:

- (a) Liquid assets
- (b) Current assets
- (c) Fixed assets
- (d) Capital assets

(2) Which of the following shows summary of a company's financial position at a specific date ?

- (a) Profit & Loss Account
- (b) Cash Flow Statement
- (c) Balance Sheet
- (d) Income & Expenditure Account

(3) Which of the following summarizes the cash movements during a specified period ?

- (a) Trading account
- (b) Profit & Loss account
- (c) Receipts & Payments account
- (d) Balance Sheet

(4) In comprehensive income statement we record

- (i) Revenue receipt
- (ii) Revenue income
- (iii) Capital expenditure

Which one is correct of the following ?

- (a) i & ii
- (b) ii & iii
- (c) i & iii
- (d) ii

- (5) Capital expenditure –
- (i) Car purchased for sale
 - (ii) Machine purchased for business use
 - (iii) Road tax and insurance premium of delivery van
- Which one is correct of the following ?
- (a) i & ii
 - (b) ii & iii
 - (c) i & iii
 - (d) i, ii & iii
- (6) Sale of machine of machine merchandising business :
- (a) Capital receipt
 - (b) Capital income
 - (c) Revenue income
 - (d) Revenue receipt
- (7) In comprehensive income statement we record :
- (i) Revenue receipt
 - (ii) Revenue income
 - (iii) Capital expenditure
- Which one is correct of the following ?
- (a) i & ii
 - (b) ii & iii
 - (c) i & iii
 - (d) ii
- (8) What type of transaction is Freight in word ?
- (a) Revenue
 - (b) Capital
 - (c) Deferred revenue
 - (d) Operating

- (9) The difference between selling price and present book value of machinery is called.
- (a) Capital income
 - (b) Revenue income
 - (c) Revenue receipt
 - (d) Capital receipt
- (10) The basic accounting principle/concept according to which business record must be kept separate from the personal records of the owner is known as:
- (a) Going-concern concept
 - (b) Separate entity principle
 - (c) Realization principle
 - (d) Objectivity principle

OR

5. Short notes :

- (a) Explain the concept of Tally Locker. 7
 - (b) Explain the voucher system in Tally. 7
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