

Seat No. : _____

MB-110

March-2019

B.B.A., Sem.-I

CC-102 : Financial Accounting

Time : 2:30 Hours]

[Max. Marks : 52

1. (A) Write a note on : 14

- (i) Objectives of accounting.
- (ii) Rules of debit and credit.

OR

(i) Write a note on : General Reserve. 7

(ii) State the accounting concept, convention or principle from the following statements. 7

- (1) Accounts of business are prepared for a specific time period.
- (2) Plant and Machinery is shown in the Balance Sheet at cost less depreciation.
- (3) Generally every year a firm would adopt the same method of depreciation on Assets.
- (4) Which concept is applicable for calculation of Profit/ Loss ?
- (5) Personal expenses of owner are not recorded in books of account of the business.
- (6) The provision is made for doubtful debts on the debtors.
- (7) Intangible assets like Goodwill, patents are not written off in one year.

(B) Do as directed : (any **four**) 4

- (1) Loss by goods stolen account is _____ Account.
 - (a) Personal (b) Real
 - (c) Nominal (d) None
- (2) Old Furniture of ₹ 10,000 is purchase is a _____.
 - (a) Capital expenses (b) Revenue expenses
 - (c) Deferred revenue expenses (d) None
- (3) Every transaction must have an evidence. (True/False)
- (4) Installation charges of machine is a capital expenditure. (True/False)
- (5) Profit increases capital. (True/false)
- (6) Providing more depreciation on assets is an example of _____.
(General reserve / Secret reserve)

2. (A) From the trial balance and other information given below of Ahmedabad Public School, prepare Income and Expenditure Account for the year ended on 31.3.2018 and Balance Sheet as on that date.

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Trial Balance

Debit Balance	₹	Credit Balance	₹
To Building	5,00,000	By Admission Fees	62,500
To Furniture	1,00,000	By Tuition fees received	5,00,000
To Library Books	1,20,000	By Creditors for supplies	15,000
To Investment @ 12%	5,00,000	By Rent for the school hall	10,000
To Salaries	4,87,000	By Miscellaneous receipts	30,000
To Stationery	40,000	By Government grant	2,00,000
To General Expenses	18,000	By Capital	8,50,000
To Sports Event Expenses	15,000	By Donation for library books	62,500
To Cash at bank	20,000	By Sale of old furniture	20,000
To Cash in hand	5,000	By Sports Fund	55,000
	18,05,000		18,05,000

Additional Information :

- (1) Tuition fees yet to be received for the year are ₹ 35,000.
- (2) Salaries yet to be paid amount to ₹ 25,000.
- (3) Furniture costing ₹ 40,000 was purchased on October 1, 2017.
- (4) The book value of the furniture sold was ₹ 50,000 on April 1, 2017.
- (5) Depreciation is to be charged @ 10% p.a. on furniture, 15% p.a. on Library books and 5% p.a. on building.
- (6) Prepaid general expenses of ₹ 2,500.

OR

- (i) From the following Receipt and Payment Account for the year ending December 31,2017 of Ahmedabad Sports Club, prepare Income and Expenditure Account for the same period.

7

Income	₹	Expenses	₹
Balance c/d	35,000	Purchase of furniture (1-4-2017)	5,000
Subscription :		Salaries	6,000
2014 : 2,500		Telephone Expenses	1,000
2015 : 12,000		Electricity Charges	1,500
2016 : <u>3,500</u>	18,000	Postage and Stationery	1,125
Donation	2,000	Purchase of Books	2,500
Hall Rent	3,300	Programme Expenses	2,400
Sundry Income	450	5% Investment (1-1-2017)	8,000
Entrance Fees	1,800	Sundry Expenses	600
		Balance c/d	32,425
	60,550		60,550

The following additional information is available :

- (1) Salaries outstanding – ₹ 1,500
- (2) Programme expenses outstanding – ₹ 500
- (3) Sundry income receivable – ₹ 150
- (4) Subscriptions accrued – ₹ 800
- (5) 50 percent of entrance fees is to be capitalised.
- (6) Furniture is to be depreciated at 10 percent per annum.

(ii) Difference between trading organization and non-trading organization. 7

(B) Do as directed : (any **three**) 3

- (1) Select the odd one.
 - (a) Subscription
 - (b) Bank Balance
 - (c) Loss on sale of assets
 - (d) Income from programme
- (2) Receipt and payment account is just like :
(Cash Account / Profit & Loss Account)
- (3) Subscription received in advance during the year will be treated as _____
(a liability / an asset)
- (4) Generally donation is treated as _____ income. (Revenue / Capital)
- (5) Generally entrance fees is treated as _____ income. (Revenue / Capital)

3. (A) Trial Balance of Mr. Ajay Devgan as on 31-3-2017 was as under. You are required to prepare the Trading Account, Profit & Loss Account for the year ended 31-3-2017 and the Balance Sheet as on that date. 14

Trial Balance

Particulars	₹	Particulars	₹
To Bank	84,100	By Capital	8,12,000
To Debtors	20,000	By Reserve for Bad Debt	3,000
To Bills Receivable	45,000	By Sundry Creditors	28,000
To Purchase	4,25,000	By Bills Payable	55,100
To Sales Return	5,000	By Sales	7,55,000
To Wages	18,000	By Purchase Return	3,600
To Salary	52,000	By Interest on Investment	4,800
To Carriage Inward	4,600	By Bank Overdraft	9,700
To Investment @ 6%	80,000		
To Building	4,52,000		
To Furniture	45,000		
To Plant & Machinery	2,00,000		
To Advertisement	20,000		
To Bad Debt	2,000		
To Tax	5,000		
To Audit Fees	12,000		
To General Expenses	8,000		
To Opening Stock	1,55,000		
To Selling & Dist. Expenses	30,000		
To Commission Paid	1,500		
	16,71,200		16,71,200

Adjustment :

- (1) Closing stock 2,45,000
- (2) Personal furniture brought in business of ₹ 35,000 in the beginning of the year.
- (3) Depreciate all fixed assets at 10%.
- (4) Write ₹ 1,000 as bad debts and make reserve for bad debts on Debtors @ 10%.
- (5) Discount Reserve @ 5% on creditors.
- (6) Goods of ₹ 5,000 taken for personal use.
- (7) Calculate interest on opening capital @ 5%.

OR

- (i) Write a short note on : Manufacturing Account. 7
 - (ii) Write a short note on : Closing entries in respect of closing stock. 7
- (B) Do as directed : (any **three**) **3**
- (1) Select the odd one.
 - (a) Opening stock
 - (b) Salary
 - (c) Wages
 - (d) Sales
 - (2) Salary paid for 11 months amounting ₹ 1,54,000. How much amount of outstanding salary will be shown in the balance sheet ?
 - (a) 12,000
 - (b) 14,000
 - (c) 16,000
 - (d) 18,000
 - (3) Wages paid for installation of machinery is a _____ expenditure.
(Capital / Revenue)
 - (4) Cash withdrawn for personal purpose will be deduct from.
(Sales / Capital)
 - (5) Interest on investment is _____ for the business. (Income / Expenses)
- _____