

Seat No. : 129

NB-115

November-2019

B.B.A., Sem.-I

CC-102 : Financial Accounting

Time : 2:30 Hours]

[Max. Marks : 52

- Instructions :** (1) Figures to the right indicate marks.
(2) Show calculations as a part of your answer.

1. (A) Explain the difference between the following : 14
- (1) General Reserve and Provision
(2) Capital Receipt and Revenue Receipt
- OR**
- (1) Discuss types of accounts with examples, also stating the rules of debit and credit. 7
- (2) State which accounting concept, convention or principle is suggested by the following statements : 7
- (i) Stock is valued at cost or market price whichever is lower.
(ii) Bad debt reserve is provided on debtors.
(iii) Generally the accounts of the business are prepared on an annual basis.
(iv) In balance sheet capital is shown as a liability.
(v) Expenses are classified into Capital, Revenue or Deferred Revenue Expenses.
(vi) Insignificant items need not be disclosed.
(vii) Loss due to death of an efficient executive is not recorded in accounts.
- (B) Do as directed : (Any Four) 4
- (1) Accounting is concerned with _____.
(Monetary transactions/Non-monetary transactions)
- (2) Which of the following equation is correct ?
- (a) Assets = Capital + Liabilities (b) Assets = Capital – Liabilities
(c) Liabilities = Assets + Capital (d) Capital = Assets + Liabilities
- (3) Subscription is a _____. (Revenue Income/Capital Income)
- (4) Drawings account is a _____ account. (Personal/Real/Nominal)
- (5) Define : Bad Debts
- (6) Capital expenditure is any expenditure benefiting a future period. (True/False)

2. (A) From the following information of Rajkot Youth Club prepare its Income & Expenditure account for the year ended on 31-3-2019 and a Balance Sheet as on that date :

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Receipts and Payment Account			
for the year ended on 31-3-2019			
Dr.			Cr.
Receipts	(₹)	Payments	(₹)
To balance b/d	30,000	By Purchase of Sports Equipments	50,000
To Entrance Fees (One half capitalized)	60,000	By Salaries	60,000
To Subscriptions	1,00,000	By rent, rates and taxes	48,000
To interest on 10% investments	8,000	By Postage & Stationery	24,000
To Canteen Collections	2,40,000	By Newspaper and Magazines	20,000
To Sale of 10% investments on 1-10-2018 (Cost price Rs.40,000)	34,000	By Miscellaneous expenses	32,000
To Sale of Pasti	2,000	By Canteen expenses	2,20,000
	4,74,000	By balance c/d	20,000
			4,74,000

Additional Information :

(1)	Particulars	As on 31-3-18 (₹)	As on 31-3-19 (₹)
	Subscription Outstanding	10,000	14,000
	Subscription received in advance	2,000	3,000
	Salaries Outstanding	4,000	5,000
	Sports Equipments	1,20,000	1,50,000
	10% Investments	1,60,000	1,20,000
	Furniture	80,000	64,000

- (2) Opening Capital Fund ₹ 3,94,000.

OR

- (A) (1) Difference between Receipts & Payment a/c and Income & Expenditure a/c. 7
 (2) Difference between the Final Account of trading and non-trading concerns. 7
- (B) Do as directed : (Any Three) 3
- (1) Subscription received in advance is not shown in receipts and payment accounts. (True/False)
- (2) Receipt and Payments Account is just like cash account. (True / False)
- (3) Income and expenditure account is just like Trading a/c. (True/False)
- (4) Legacy is treated as _____ income. (revenue/capital)
- (5) Amount obtained on sale of fixed assets is an example of Revenue Receipt. (True/False)

3. (A) From the following trial balance as on 31-3-2019 of Mr. Vinay, you are required to prepare Trading a/c and Profit & Loss a/c for the year ended on 31-3-19 and Balance Sheet as on that date :

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Names of Account	Debit (₹)	Credit (₹)
Stock (1-4-18)	90,000	—
Salary (upto 28-2-19)	28,600	—
Capital and Drawings	20,000	2,00,000
Debtors and Creditors	1,40,000	80,000
Lease hold Premises (1-10-18 for 5 years)	80,000	—
Carriage Inward	1,000	—
Carriage Outward	2,400	—
Trade Expenses	1,600	—
Discount	3,400	3,800
Bad debt and Bad debt Reserve	2,800	5,800
Cash and Bank	5,000	6,000
Wages	30,000	—
Purchases and Sales	2,00,000	5,00,000
Return Accounts	18,000	20,000
Commission	—	1,400
Machineries	50,000	—
10% Investments(30-9-18)	1,40,000	—
Interest received on Investments	—	3,000
Insurance Premium (upto 1-7-19)	7,200	—
	8,20,000	8,20,000

Additional Information :

- (1) Value of Closing Stock is ₹ 40,000 of which value of 90% on Stock is 10% less and value of 10% of stock is 90% more.
- (2) Depreciate Machineries at 10%.
- (3) Interest on Capital and Drawings 10%.
- (4) Goods burnt by fire ₹ 10,000 and Insurance Co. accepted a Claim of ₹ 8,000.
- (5) Bad debt of ₹ 4,000 and Bad Debt Reserve of 5% is required to be provided on debtors.
- (6) Commission due but not received ₹ 2,600. Outstanding trade expenses ₹ 400.
- (7) During the year goods worth ₹ 4,000 were distributed as samples.

OR

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P.T.O.

- (A) (1) Discuss difference between Trial Balance and Balance Sheet. 7
 (2) From the Trial Balance of Mr. Umang as on 31-3-19, prepare a Trading and Profit and Loss account for the year ending on 31-3-19. 7

Trial Balance

Debit Balances	(₹)	Credit Balances	(₹)
Cash in hand	2,400	Capital	1,60,000
Purchases	2,40,000	4% Bank Loan	40,000
Opening stock	70,000	Bills Payable	44,000
Sundry Debtors	1,00,000	Sundry Creditors	48,000
Plant	1,20,000	Sales	4,00,000
Furniture	30,000	Bad Debts Reserve	2,400
Bills Receivable	40,000		
Rent and Taxes	20,000		
Wages	32,000		
Salaries	40,000		
	6,94,400		6,94,400

Additional Information :

- (i) Closing Stock ₹ 80,000.
- (ii) Provide outstanding Liabilities : Rent and Taxes ₹ 4,000; Wages ₹ 6,000; Salaries ₹ 8,000.
- (iii) Depreciation on Plant 5%, on Furniture 10%.
- (iv) Write off ₹ 1,000 as bad debts.
- (v) Create bad debts reserve 2.5% on Sundry Debtors.

(B) Do as directed : (Any Three)

- (1) Loss on sale of old furniture is debited to Profit and Loss a/c. (True/False)
- (2) Trial Balance is _____.
(Summary statement of Ledger Balances/Statement of financial position)
- (3) Interest on drawings is _____ for the business. (Expense/Gain)
- (4) Prepaid Insurance is shown in the Balance Sheet as asset. (True/False)
- (5) 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