

Roll No.

Total No. of Pages : 05

Total No. of Questions : 09

B.Sc Business Economics (BBE) (2015 to 2017) (Sem.-2)

FINANCIAL ACCOUNTING

Subject Code : BBE-204

M.Code : 72771

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Student has to attempt any ONE question from each Sub-section.

SECTION-A

Q.1 Write short notes on the followings :

- a) Book keeping vs. Accounting.
- b) Capital expenditure vs. Revenue expenditure.
- c) Define Accounting and its functions.
- d) Compensating and non-compensating errors.
- e) Sinking fund method of Depreciation.
- f) Generally Accepted Accounting Principles.
- g) Entries for recovery for loss of stock due to fire.
- h) Accounting cycle.
- i) Receipts and Payments account for non-profit organizations.
- j) Purposes of Bank Reconciliation Statement.

SECTION-B

UNIT-I

Q.2 What are the fundamental accounting assumptions? Are these different from accounting policies?

Q3. Prepare Triple Column Cash Book of Mr. Mohan from the following transactions :

On January 1,2009 Mohan had Rs. 450 in hand and Rs. 6500 in bank.

| 2009 | | Rs. |
|--------|--|--------|
| Jan 3 | Received cheque form Arti (in full settlement of the claim of Rs. 650) | 620 |
| Jan 5 | Cash sales | 250 |
| Jan 5 | Paid for rent by cheque | 350 |
| Jan 5 | Paid salaries | 435 |
| Jan 8 | Amount withdrawn from bank for use in office | 600 |
| Jan 12 | Sale of machinery, payment received by cheque | 2,500 |
| Jan 15 | Drawn cash for domestic use by Mohan | 200 |
| Jan 16 | Issued cheque in favour of Mr. Ram (Discount received Rs. 20) | 1,000 |
| Jan 17 | Received cheque from Rama & Sons (Discount allowed Rs. 20) | 800 |
| Jan 20 | New M/C purchased and cheque issued | 10,000 |
| Jan 20 | Paid installation exp. In cash | 500 |
| Jan 20 | Bank charges as per book | 10 |
| Jan 28 | Bank returns cheque of rama & Sons Dishonours | |

UNIT-II

Q.4 You are presented with a Trial Balance showing excess debit of Rs. 5,680 which has been carried to suspense account. On a close scrutiny of the books, the following errors are revealed :

- a) A cheque for Rs. 8,400 received from a customer after allowing him discount of Rs. 400 was dishonored, but no entries were passed in the books.
- b) Goods worth Rs. 4,600 returned by Ajoy were entered in the purchase book and posted from there to Ajoy as Rs. 6,400.
- c) Goods worth Rs. 4,000 received from a supplier for approval were wrongly recorded in purchase book. Stock at the end is yet to be calculated.
- d) Rs. 200 paid as cartage on goods purchased was debited to purchases account.

- e) Goods sold to X for Rs. 380 were posted to X's account as Rs. 830, Sales book was overcast by Rs. 450.
- f) Salaries and wages paid for construction of office building Rs. 20,000 were debited to salaries and wages account.
- g. Total of one page of purchases book Rs. 2,800 was carried forward to the next page as Rs. 280.
- h) Rs. 2,000 payable to a supplier was included in the list of debtors.
- i) Salary paid to a manager Rs. 6,000 was posted twice-first to salaries account and to the manager account.

Pass rectification entries and prepare suspense account.

Q.5 “Agreement of Trial Balance is a concrete proof of accuracy of accounting records.”
Comment.

UNIT-III

Q.6 The following Trial Balance was extracted from the books of Mr. X as on 31st December, 2007.

| Debit balance | Dr. (Rs.) | Credit balance | Cr. (Rs.) |
|------------------------|-----------|---------------------------|-----------|
| Plant and machinery | 20,000 | Opening stock Motor car | 34,200 |
| Manufacturing wages | 34,500 | Sales return Purchases | 12,000 |
| Salaries | 15,850 | Bad debts Interest and | 3,100 |
| Furniture | 10,000 | bank charges Cash at bank | 1,02,000 |
| Freight on purchases | 1,860 | Cash in hand | 1,400 |
| Building | 24,000 | Credit balances | 400 |
| Freight on sates | 2,140 | Capital account Sundry | 4,200 |
| Manufacturing expenses | 9,500 | creditors Bank loan | 1,120 |
| Insurance and tax | 4,250 | Purchases returns Sales | |
| Goodwill | 25,000 | Reserve for bad debts | 80,000 |
| General expenses | 8,200 | | 44,560 |
| Factory fuel & power | 1,280 | | 15,000 |
| Sundry debtors | 78,200 | | 1,740 |
| Factory lighting | 950 | | 2,50,850 |
| | | | 2,000 |

Prepare Trading and Profit and Loss Account for the year ended 31st December, 2007 and the Balance Sheet as on that date taking into consideration the following information:

- a) Stock in hand on 31st December, 2007 was valued at Rs. 30,500.
- b) Depreciate Plant and Machinery by 10% Furniture by 5% and Motor car by Rs. 1,000.
- c) Bring provision for bad debts to 5% on Sundry Debtors.
- d) A commission of 1% on the gross profit is to be provided for Works Manager.
- e) A commission of 2% (two percent) on net profit (after charging the Works Managers' Commission but before charging General Managers' Commission) is to be paid to the General Manager.

Q.7 Following balances are extracted from the Trial Balance of X & Co. as on 31/12/2004:

| | Dr. (Rs.) | Cr. (Rs.) |
|-----------------------------------|-----------|-----------|
| Sundry debtors | 2,00,000 | |
| Bad debts | 14,000 | |
| Discount allowed | 6,000 | |
| Provision for bad debts | | 24,000 |
| Provision for discount on debtors | | 12,000 |

Further bad debts and discount allowed are Rs. 6,000 and Rs. 4,000 respectively. Provision for Bad debts and Provision for discount on debtors are to be created @ 10% and 5% respectively.

Prepare : (a) Bad Debts account, (b) Discount Allowed account, (c) Provision for Bad Debts account, and (d) Provision for Discount on Debtors account. The accounting year of the Co. starts on 1st January.

Also show how do they appear in the Profit & Loss account and Balance Sheet?

UNIT-IV

Q.8 What accounts does a not-for-profit organization generally prepare as final accounts?

Explain briefly ; purposes of such accounts.

Q.9 Priya Charitable Trust runs a hospital. Given below is its Trial balance as on 31.12.2007 :

(Figures in thousand rupees)

| Debits | Rs. | Credits | Rs. |
|---------------------|------|------------------------------------|-------|
| Building | 2500 | Capital fund | 6000 |
| Equipment | 9000 | Building fund | 6000 |
| Furniture | 3000 | Consultancy fees | 12000 |
| Linen | 1000 | Bed charges | 7000 |
| Investments | 6000 | Sale of medicine | 4000 |
| Cash at bank | 2300 | Collection from Pathological Tests | 800 |
| Salaries | 7000 | | |
| Lighting | 3000 | | |
| Travelling expenses | 2000 | | |
| Total | 3580 | Total | 35800 |

Other Information ('000 Rs.)

- a) Closing stock of provisions Rs. 4000
- b) Consultancy fees outstanding Rs. 500
- c) Due for V.I.P. cabins Rs. 700
- d) Depreciate Building @ 5%, equipments @ 15%, furniture @ 10%, and linen @ 50%
- e) Cash at bank as on 1.1.07 Rs. 3500 (overdraft)
- f) Investments purchased during the year Rs. 6000

Prepare Receipts and Payments Accounts for the year ended 31 December, 2007 Income and Expenditure for the year ended 31 December, 2007 and Balance Sheet as on 31st December 2007.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.