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FIRST YEAR B.Com.

24COB12102 : Practices of Financial Accounting (Semester II)

Program : B.Com 01
Program Specific : B.Com.
Course Type :Major
Paper : Practices of Financial Accounting

Credits : 4
Time : 3 Hours
Max. Marks : 60
SET : A

Instructions to the candidate:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.
- 3) Use of Calculator is allowed.

Q.1. Fill in the Blanks :

[10 X 1 Mark each = 10]

1. Income and Expenditure Account, generally indicates
A) Cash Balance B) Capital Fund C) Net Profit / Loss D) Surplus / Deficit
2. An Income and Expenditure Account is based on
A) Accrual Basis of Accounting B) Mixed Basis of Accounting
C) Management Accounting D) Cash Basis of Accounting
3. Main objective of a Not for Profit Organization is to
A) Accumulate Funds B) Provide Services C) Collect Donations D) Earn Profit
4. For non-profit organization Excess of Income over Expenditure is
A) Profit B) Surplus C) Deficit D) Loss
5. Receipts and Payment A/c records
A) Only Revenue Receipts B) Only Capital Receipts
C) Only Bank Receipts D) Both Capital & Revenue Receipts
6. Purchase of stationery is expenditure.
A) Capital B) Revenue C) Long-term D) Proposed
7. Goodwill is defined as
A) Intangible asset B) Fictitious asset C) Current asset D) Liquid asset
8. A firm's goodwill is NOT affected by
A) Location of the firm B) The reputation of the Firm
C) Better Customer Service D) None of the Above
9. Royalty's account is Account.
A) Real B) Nominal C) Personal D) Dual

10. Dead Rent is also called as

- A) Outstanding Rent B) Minimum Rent C) Prepaid Rent D) Lost Rent

Q. 2. Write Short Notes on ANY TWO of the following:

[2 X 5 Marks each = 10]

1. Short workings
2. Need for Valuation of Goodwill
3. Features of Computerized Accounting
4. Objectives of Non-Trading Organization

Q. 3. Following is the Receipt & Payment Account of Bharat Sports Club, Pune for the year ended 31st March 2023.

[1 X 15 Marks]

Receipt & Payment Account for the year ended 31st March 2023

Dr.		Cr.	
Receipt	Amount	Payment	Amount
To Interest on Investment	15,000	By Salaries	45,000
To Subscriptions	96,000	By Building	60,000
To Entrance Fees	24,000	By Furniture	45,000
To Donation for Building	90,000	By Printing & Stationery	9,000
To Rent Received	45,000	By Telephone Charges	21,000
		By Rent & Taxes	9,000
		By Insurance	6,000
		By Investments	30,000
		By Balance c/d	45,000
	2,70,000		2,70,000

Further Information:

1. Outstanding Salary during the year Rs. 3,000
2. Subscription due for current year Rs. 6,000
3. Subscription received in advance Rs. 4,500
4. Prepaid insurance Rs. 900
5. Depreciate Building by 5% and Furniture by 10%.

You are required to prepare Income & Expenditure Account for the year ended 31st March, 2023 and Balance Sheet as on that date.

Q. 4. Akash Ltd. obtained mine on lease from Jamin Ltd. on the following terms :

[1 X 15 Marks]

- (a) Royalty to be paid at Rs. 2 per ton.
- (b) Minimum Rent was fixed at Rs. 36,000.
- (c) Shortworking was to be recouped during the first three years only.
- (d) The annual output was as under :

Year	Output in Tons
2021	3,600
2022	13,200
2023	28,800
2024	33,750

Pass the necessary journal entries in the books of Akash Ltd. also show the calculation of Royalty payable.

Q.5. A) From the following figures for Profits of last five years of a partnership firm you are required to find out the value of goodwill as per super profit method based on 3 year's purchase. [1 X 5 Marks]

Year	Profit / Loss Rs.
2020	75,000
2021	25,000 (Loss)
2022	60,000
2023	1,00,000
2024	90,000

Additional Information :

- (a) The amount of capital invested in the partnership firm is Rs. 4,50,000.
- (b) Normal Rate of return on capital employed is 10%.

Q.5. B) From the following figures for Profits of last five years of a partnership firm you are required to find out the value of goodwill as per average profit method based on 3 year's purchase. [1 X 5 Marks]

Year	Profit / Loss Rs.
2020	30,000
2021	28,000
2022	16,000 (Loss)
2023	20,000
2024	18,000
