Program Name: BBA		Exam Type: Regular	
Department: School of Business			
Course Code	23SB300PC102	Course Title	Financial Accounting
Year/Sem	I/I	Faculty Name	Mr M.Shravan
Date of Exam	19/12/2023	Time	10 AM TO 12 PM
Duration	2 Hours	Max. Marks	40

Q.No	Questions	Marks	CO
1	Illustrate the concepts and conventions of accounting	8	1
2	Compare and contrast between Capital expenditure and Revenue expenditure	8	1,2
3	Prepare a Trial Balance with the following information:	8	2

Sr. No	Name of Account	Balance (₹)	Sr. No	Name of Account	Balance (₹)
(i)	Capital	2,00,000	(ii)	Stock	70,000
(iii)	Cash	1,80,000	(iv)	Debtors	3,00,000
(v)	Creditors	1,00,000	(vi)	Bank Loan	1,50,000
(vii)	Sales	3,00,000	(viii)	Purchases	2,00,000

Q.No	Questions	Marks	CO
4	From the following data prepare FIFO	8	3

Date	Purchases	Date	Issues
Jan 1	120 units @ 10	Jan 6	100 units
Jan 8	50 units @ 8	Jan 10	30 units
Jan 16	20 units @ 5	Jan 25	40 units

Q.No	Questions	Marks	CO
5	From the following balances, prepare Trading and Profit and Loss Account and Balance Sheet:	8	2

Particulars	₹	Particulars	₹
Machinery	3,50,000	Rent	45,000
Debtors	2,70,000	Salaries	20,000
Drawings	90,000	Carriage	15,000
Purchases	9,50,000	Credit Balances:	
Wages	5,00,000	Capital	10,00,000
Bank	1,50,000	Creditors	1,40,000
Opening Stock	2,00,000	Sales	14,50,000

Closing Stock was valued at ₹ 30,000.

1. Concepts & Convention of Accounting :-

Accounting :- It is a system evolved to achieve a set of objectives. In order to achieve the goals, we need a set of rules or guidelines.

Concepts of Accounting :-

i. **Business Entity Concept :-** In this concept "Business is treated as separate from the proprietor. All the transactions recorded in the book of business and not in the books of proprietor.

ii. **Going Concern Concept :-** This concept relates with the long life of business. The assumption is that business will continue to exist for unlimited period unless it is dissolved due to some reasons or the other.

iii. **Money Measurement Concept :-** In this concept "Only those transactions are recorded in accounting which can be expressed in terms of money, those transactions which cannot be expressed in terms of money are not recorded in the books of accounting.

iv. **Dual Ascept Concept :-** According to this concept "Every business transactions has two ascepts", one is the receiving benefit aspect another one is giving benefit aspect. Receiving is debit, giving is Credit.

v. Matching Cost Concept :- According to this concept "The expences incurred during an accounting period, cost of those good sold should also be charged to that period.

vi. Realisation Concept :- According to this concept revenue is recognized when a sale is made. Sale is considered to be made at the point when the property in goods posses to the buyer and he becomes legally to pay.

Conventions of Accounting :-

Accounting is based on some custome or usages Naturally accountants here to adopt that usage or custom.

i. Full Disclosure :- According to this convention accounting repots should disclose fully and fairly the information. They purpose to represent. They should be prepared honestly and sufficiently discuss honestly about the information which is of material interest to proprietors. The Companies ACT, 1956 makes it complusory to provide all the information in the prescribed form.

ii. Materiality :- Under this convention the trader records important factor about the commerical activities. In the form of financial statements.

if any unimportant information is to be given for the sake of clarity it will be given as footnotes.

3. Consistency :- It means the accounting method adopted should not be changed from year to year. It means that there should be consistent in the methods or principles followed Or else the results of a year.

4. Conservatism :- This Convention warns the trades not to take unrealized income into account. That is why the practice of valuing stock at cost or market price, which ever is lower is in Vague.

2.

	Capital Expenditure	Revenue Expenditure.
i.	Capital expenditure is that amount spend on the move valuable goods or services which is used for the long duration.	Revenue expenditure is that amount spend on the more spend on the goods or Services which is used / consumed in the short duration.
ii.	We will drive the benefit from these expenditures in the current year as well as in the future year also.	We will drive the benefit from these expenditure in the current year only.
iii.	Capital Expenditure has a duration of more than one year.	Revenue Expenditure has a duration of up to the one year.

iv. It will be posted in the balance sheet	It will be posted in the trading and profit/Loss a/c
v. These expenditure will be Capitalized.	These expenditures will not be capitalized.
vi. It ~~is~~ is non-reccuring in nature.	It is recurring in nature.
vii. To improve the working Capacity or to grow the business.	To running the existing business capacity properly.
viii. These are not matched with the Capital receipts.	These are matched with the revenue receipts to know the profits/loss for the year.
ix. It has no Subcategories.	It has two subcategories:- 1. Direct Expenses.. 2. Indirect Expenses.

3 ans:

Particulars	L.F	Debit	Credit
Capital		-	200,000
Cash		180,000	-
Creditors		-	180000
Sales		-	300000
Stock		70000	-
Debtors		300,000	-
Bank Loan		-	150,000
Purchases		200,000	
		7,50,000	7,50,000

4. STORES LEDGER

Date	Purchases			Issues			Balance		
	Qty	Rate	Value	Qty	Rate	Value	Qty	Rate	Value
Jan 1	120	10	1200	—	—	—	120	10	1200
6	—	—	—	100	10	1000	20	10	200
8	50	8	400	—	—	—	20 50	10 8	200 400.
10	—	—	—	20 10	10 8	200 80	40	8	320
16	20	5	100	—	—	—	40 20	8 5	320 100.
25	—	—	—	40	8	320	20	5	100.

5.

Dr Trading & P&L A/c Cr

Particulars	Amount	Particulars	Amount
To opening stock	200,000	By sales	14,50,000
To Purchases	9,50,000	By Closing stock	30000
To wages	500,000	By gross Loss	185,000
To carriage	15000		
	16,65,000		16,65,000
To gross Loss	1,85,000.	By Net Loss	2,50,000
To Rent	45000		
To salaries	20000		
	2,50,000		2,50,000

Liabilities	Amount	Assets	Amount
Capital 1000,000 (-) Net loss 25000 7,50,000 (-) Drawings 91,000	6,60,000	Machinary	3,50,000.
		Debtors	2,70,000
		Bank	150,000.
Creditors	140,000	Closing stock	30,000.
	800,000		8,00,000.