

Name of course: B.Com (H) Sem. I
Scheme/Mode of Examination: CBCS
Name of the Paper: Financial Accounting
UPC/Subject Code: **22411101_OC**
Duration: 03 Hours
Maximum Marks: 75 Marks

Attempt Any Four Questions. All questions carry equal marks.

1. "Accounting is non-trustworthy and useless without GAAP", Explain this statement with the example of 5 GAAPs
2. "A systematic procedure has been adopted for the issue of Accounting Standards" Explain.
3. Following are the balances of Solanki Traders for its First year ending on 31-03-2020.

Debit Balances	Amount Rs.	Credit Balances	Amount Rs.
Closing Stock	30,000	Discount	1,500
Purchase (Adjusted)	2,50,000	Cash Sales	1,10,000
Rent	10,000	Credit Sales	1,90,000
Interest on Bank Loan	7,000	Creditors	60,000
Wages	35,000	Bank Loan @ 12 p.a.	1,00,000
Import Duty	5,000	Outstanding Rent (31.03.2020)	1,000
Free Sample of goods	6,000	Bills Payable	7,000
Drawings of goods	10,000	Capital	1,00,000
Discount	1,000	Interest on Investments	500
Debtors	40,000		
Prepaid Salary	5,000		
Salary	25,000		
Investments @ 10p.a.	6,000		
Cash and Bank	90,000		
Plant and Machineries	40,000		
Furniture and Fixture	10,000		

	5,70,000		5,70,000
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Additional Information

- a) Rent was Payable @ 1,000 p.m.
- b) Machineries were purchased on May1, 2019. A Machine of Rs. 10,000 sold for Rs. 8,000 on 31-12-2019.
- c) Provide Depreciation on Machine @12% p.a., Provision for doubtful debts @5% on sundry debtors.
- d) Goods costing Rs. 15,000 sold on 'sales or return basis' for Rs. 20,000. But recorded as actual sales without any confirmation from the debtor.

Prepare Trading and Profit & Loss account and a Balance Sheet on 31-03-2020.

4. Neelima purchased 5 machines on Hire-Purchase system from Bina Traders on January 1, 2010 on the following terms:

Down Payment Rs. 60,000

1st Instalment payable on December 31, 2010 Rs. 40,000

2nd Instalment due on December 31, 2011 Rs. 37,000

3rd (Final) Instalment due on December 31, 2012 Rs. 44,000

The Hire Purchase price includes interest @ 10% per annum.

Neelima paid the first instalment on time but when the second instalment became due, she expressed her inability to pay the instalment. On her request, the vendor agreed to take back 3 machines and adjust their value against the amount due. The vendor valued the machines at cost less 40 percent for the purpose of repossession and balance to be paid after 6 months.

Neelima closes her books on 31st December every year and charges depreciation @ 20% per annum on WDV.

Show the Machines account and Vendor account in the books of Neelima.

Show Journal Entries in the books of Bina Traders assuming they sold the repossessed machines on April 1, 2012 for Rs. 70,000 after incurring expenses of Rs. 10,000 on their overhaul.

5. Meera and Co. Delhi has a branch in Agra. Goods are invoiced to the Branch at cost plus 25% margin on cost. The Branch is expected to send all cash collected to H.O. on a daily basis. Prepare the Agra Branch Account to know the profit for the year ending 31st December 2018 from the following information:

Petty Cash at Branch (1-1-2018)		5,000
Furniture at Branch (1-1-2018)		55,000
Stock at Branch (1-1-2018)		2,25,000
Debtors (1-1-2018)		60,000
Goods sent to Branch during the year		50,00,000
Cheques sent to Branch for:		
Salary of Branch Staff	3,00,000	
Petty Expenses	10,000	
Cash Sales at Branch		30,00,000
Credit Sales at Branch		25,00,000
Bad Debts to be written off		6,000
Cash Remitted by Branch to H.O. during the year		54,60,000
Petty expenses at Branch		12,000
Stock at Branch 31-12-2018		70,000

Furniture to be depreciated @20% per annum on Book Value.

One customer of Agra Branch paid Rs. 4,000 to Delhi H.O. directly.

6. Following is the Balance Sheet of Ashok, Binod and Chaman as on 31st March 2020.

Liabilities	Amount Rs.	Assets	Amount Rs.
Ashok's Capital	1,20,000	Land and Building	1,00,000
Binod's Capital	80,000	Plant and Machineries	70,000
Chaman's Capital	15,000	Furniture and fixture	20,000
Bank Loan	90,000	Goodwill	25,000
Outstanding Salary	20,000	Investments	40,000
Sundry Creditors	70,000	Stock	40,000
Bills Payables	10,000	Debtors	60,000
		Profit and loss	30,000
		Bank Balance	20,000

	4,05,000		4,05,000

Partners decided to dissolve the partnership on above date. Following transaction were taken place in dissolution process:

- a) Land and Building was Mortgaged with Bank loan. Bank sold the land and building in auction for Rs. 1,15,000. After deducting loan and auction charges bank returned 10,000 to the firm.
- b) Plant and Machineries were sold for Rs. 50,000, Investment were realized at 50,000 Stock sold for 45,000. Bad debts were 10,000. Realization expenses were 7,000
- c) Chaman become insolvent, nothing was realizable from his private estate.

Prepare Realization Account, Partners Capital Account and Bank Account