**Sr. No. of Question paper:**
**Unique Paper Code: 61018112**
**Name of the Paper: Financial Accounting**
**Name of the Course: B. Voc.**
**Semester: I**
**Duration: 3 Hours**
**Maximum marks: 75**

**Instructions for Candidates:**
Attempt ***any four*** questions. All questions carry equal marks.

**Q.1.** From the following Trial Balance of Mr. Surendra, Prepare the Trading and Profit & Loss Account for the year ended on 31st March 2020 and Balance Sheet as on that date:

| Particulars | Dr. Amount | Cr. Amount |
|---|---|---|
| Capital | - | 5,10,000 |
| Purchases and Sales | 12,43.440 | 14,28,720 |
| Land and Building | 1,14,000 | - |
| Drawings Account | 85,200 | - |
| Stock on 1st April 2019 | 1,75,200 | - |
| Rent | 14,400 | - |
| Returns | 25,200 | 34,920 |
| Salaries Account | 52,800 | - |
| Bad Debt | 20,640 | - |
| Sundry Debtors | 3,84,000 | - |
| Rates and Taxes | 24,000 | - |
| Apprentice Premium | - | 15,000 |
| Bank overdraft | - | 24,000 |
| Bills Receivable | 28,800 | - |
| Bills payable | - | 21,600 |
| Cash in Hand | 5,760 | - |
| Sundry Creditors | - | 1,20,000 |
| Provision for Doubtful Debts | - | 12,000 |
| Discount | - | 7,200 |
| **Total** | **21,73,440** | **21,73,440** |

You are requested to consider the following adjustments:

(i) Stock on 31st March 2020 was valued at Rs. 2,04,000

(ii) Further Bad Debtors Rs. 16,000, create provision for doubtful debts @ 2% on Sundry Debtors, and a reserve for discount on creditors @2%.

(iii) Allow interest on capital @ 5% p.a.

(iv) Rent due but not paid was Rs. 6,400

(v) Taxes include Rs. 4,000 paid in advance.

(vi) Depreciate Land and building @ 10% p.a.

(vii) On 15$^{th}$ March, 2020 stock of goods worth Rs, 7,500 were destroyed in a fire accident. It has been insured and the insurance company has agreed to pay Rs. 3,300 for the loss of goods.

**Q.2.** On 1$^{st}$ April 2016, a firm purchased machinery for Rs. 8,00,000. On 1$^{st}$ October in the same accounting year, additional machinery costing Rs. 5,00,000 was purchased. On 1$^{st}$ August 2018, the machinery purchased on 1$^{st}$ April 2016, having become obsolete, was sold off for Rs. 4,20,000. On 1$^{st}$ December 2018, new machinery was purchased for Rs. 3,50,000 while the machinery purchased on 1$^{st}$ October 2016 was sold for Rs. 1,80,000 on the same day. The firm provides depreciation on its machinery @10% p.a. on diminishing balance method on 31$^{st}$ March every year. Pass Journal Entries and Prepare Machinery Account.

**Q.3.** On 1$^{st}$ April, 2018, CITYCABS purchased 5 Cars costing Rs. 7,00,000 each from Perfect Motors. The payment was to be made Rs. 7,00,000 down and remainder in four equal annual installments of Rs. 7,00,000 each together with interest at 12% p.a. CITYCABS write off Depreciation at 10% p.a. on original cost. Due to Corona pandemic and financial difficulties CITYCABS could not pay the installment due on 31$^{st}$ March, 2020. After negotiations, Perfect Motors agreed to leave 2 cabs with the purchaser, adjusting the value of other three cabs against the amount due at 20% p.a. on diminishing balance method.

Perfect Motors after spending Rs. 1,05,000 as overhauling expenses resold the Cabs for Rs.18,00,000 on 31$^{st}$ May 2020. Prepare the following accounts:

(i) In the books of CITYCABS - Cars Account and Perfect Motors Account.

(ii) In the books of Perfect Motors - CITYCABS Account and Goods Repossessed Account.

**Q.4** Paul & Brothers of Shimla has a branch at Chandigarh. Goods are invoiced to the branch at 25% profit on invoice price. The branch has been instructed to send all cash daily to the head office. All expenses are paid by the head office except petty expenses which are met by branch manager. From the following particulars, prepare

(i) Chandigarh Branch Account

(ii) Branch Debtors Account

(iii) Branch Adjustment Account

(iv) Branch Petty Cash Account

| | |
|---|---|
| Branch Stock (invoice Price) on 1st April 2016 | 9,75,000 |
| Branch Debtors on 1st April 2016 | 5,85,000 |
| Branch Petty Cash on 1st April 2016 | 26,000 |
| Office Furniture | 78,000 |
| Goods Received from Head Office | 52,00,000 |
| Goods returned by branch to Head Office | 65,000 |
| Goods returned by Debtors | 31,200 |
| Credit Sales at Branch | 19,50,000 |
| Cash Sales at Branch | 32,50,000 |
| Cash received from debtors at branch | 19,50,000 |
| Discount Allowed | 19,500 |
| Expenses paid by Head Office | |
| Salaries 78,000 | |
| Rent 1,56,000 | |
| Stationery 78,000 | 3,12,000 |
| Petty Expenses paid by the branch manager | 18,200 |
| Branch Stock (31st March 2017) | 7,40,000 |
| Outstanding Salaries | 55,000 |
| Depreciation on office Furniture @15% | |

**Q.5** Kamlesh and Subodh carrying on a business separately as contractors, jointly take up the work of constructing a building at an agreed price of Rs. 75,00,000 payable in cash Rs. 48,00,000 and in fully paid shares of a company for the balance of Rs. 27,00,00. A bank account is opened in which Kamlesh contributed 15,00,000 and Subodh contributed Rs.

10,00,000. Following costs were incurred in completing the construction and the contract price was duly realized.

(i) Wages paid Rs. 18,00,000

(ii) Material Purchased for cash Rs. 42,00,000

(iii) Material supplied by Kamlesh from his stock Rs. 5,40,000

(iv) Consulting Engineer's fees paid by Subodh Rs. 1,20,000

The accounts were closed, Kamlesh taking up all the shares of the company at an agreed valuation of Rs. 12,60,000, treating loss on shares as joint Venture loss and Subodh taking the remaining stock of material at Rs. 1,80,000.

Prepare, Joint Venture Account, personal accounts of Kamlesh and Subodh and Bank Account assuming that a separate set of books are opened for this purpose and that the net result of the venture is shared by Kamlesh and Subodh in the ratio 2:1.

**Q.6 The following is the Balance sheet of Ramesh and Suresh on 31st March 2020.**

| Liabilities | Rs. | Assets | | Rs. |
|---|---|---|---|---|
| Sundry Creditors | 60,000 | Goodwill | | 30,000 |
| Bills Payable | 60,000 | Building | | 75,000 |
| Bank overdraft | 24,000 | Plant | | 75,000 |
| Outstanding Expenses | 6,000 | Investment | | 45,900 |
| Loan from Ramesh's wife | 60,000 | Stock | | 26,100 |
| Suresh's Loan | 30,000 | Debtors | 51,000 | |
| Investment Fluctuation Reserve | 8,400 | Less: Provision | 6,000 | 45,000 |
| Employees' Provident Fund | 3,600 | Bill Receivable | | 30,000 |
| General Reserve | 6,000 | Cash and Bank | | 39,000 |
| Ramesh's Capital | 60,000 | Profit and Loss A/c (Dr. Balance) | | 6,000 |
| Suresh's Capital | 60,000 | Advertisement Suspense A/c | | 6,000 |
| | **3,78,000** | | | **3,78,000** |

The Firm was dissolved on 31st March 2020 and the following arrangements were decided upon:

(i) Ramesh agreed to pay off his wife's loan

(ii) Debtors of Rs. 15,000 proved bad.

(iii) Other assets realized as follows: Pant 20% less, Building 100% more, Goodwill 60%

(iv) Sundry Creditors and bills payable were settled at 5% discount.

(v) Suresh accepted Stock at Rs. 24,000 and all investment at Rs. 36,000 and Ramesh took over Bills Receivable at 20% discount.

(vi) Realisation Expenses amounted to Rs. 6,000.

You are requested to pass Journal Entries and prepare Realisation Account.