

S.No. of Q. Paper: 6470 B

7/12/22 (E)

Unique Paper Code : 61018112

Name of the Paper : Financial Accounting

Name of the Course : B.Voc. (Banking and Insurance)

Semester: I

Duration: 3 Hours

Maximum Marks: 75

Instructions for Candidates:

Attempt *any five* questions. All questions carry equal marks.

Q.1 (a) Distinguish between the dissolution of partnership and the dissolution of partnership firm. State the circumstances under which a partnership firm may be dissolved. (10)

(b) Define GAAP and explain its relevance in accounting. (5)

Q.2. The book value of plant and machinery on 1-1-2014 was Rs. 2,00,000. New machinery for Rs. 10,000 was purchased on 1-10-2014 and for Rs. 20,000 on 1-7-2015. On 1-4-2016, a machine whose book value had been Rs. 30,000 on 1-1-2014 was sold for Rs. 16,000. Depreciation had been charged at 10% p.a. since 2014 on straight line method. It was decided in 2016 that depreciation @20% p.a. on diminishing balance method should be charged with retrospective effect since 1-1-2014. Show Plant and Machinery Account upto 31-12-2016. Give detailed workings. Also show change of method prospectively. (15)

Q.3. From the following Trial Balance of a trader on March 31st, 2020, prepare Trading and Profit and Loss Account for the year ending 31st March, 2020 and Balance Sheet as at that date after giving effect to the under mentioned adjustments:

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	21,000	Bank Overdraft	87,500
Wages	54,250	Interest on Investment	20,300
Stock (1-04-2019)	44,800	Bills Payable	16,100
Loan to X	14,000	Interest on Loan to X	1,120
Rent	17,500	Capital	3,50,000
General Expenses	5,180	Reserve for Bad and Doubtful Debts	875
Investments	2,10,000	Sales	8,05,000
Purchases	5,60,000	Sundry Creditors	44,065
Freight Charges	7,350		
Goodwill	1,40,000		
Bills Receivable	21,700		
Rate and Taxes	6,300		
Sales Return	7,350		
Insurance	3,150		
Cash and Bank Balance	12,950		
Postage and Telegram	13,300		
Land and Buildings	87,500		
Plant and Machinery	35,000		
Sundry Debtors	57,750		
Packing Charges	1,400		
Bad Debts	4,480		
Total	13,24,960		13,24,960

Adjustments:

1. Closing Stock as on 31-03-2020 Rs. 56,000.

2. Goods worth Rs. 2,450 were sent on 25-03-2020 as "Sales on approval basis" for Rs. 2,800 and the approval was not received before the end of the month.
3. 20% of the Goodwill is to be written off.
4. Further bad debts were estimated at Rs. 1,225. Increase reserve for bad debts to Rs. 5,250.
5. Depreciate Land and Building by 3% and Plant and Machinery by 10%.
6. Goods worth Rs. 2,800 were distributed as free samples. (15)

Q.4 Goods are sent by the H.O. to the Branch at selling price which is cost plus 25%. All expenses of the branch are paid by H.O. All cash collected by the branch (from customers and from cash sales) is deposited to the credit of H.O. Account.

From the following particulars prepare Branch Stock Account, Branch Debtors Account, Branch Adjustment Account and Branch Profit and Loss Account in the books of Head Office.

Debtors on 1-1-2017	Rs. 12,000
Debtors on 31-12-2017	Rs. 14,000
Stock on 1-1-2017 (Invoice Price)	Rs. 16,000
Stock on 31-12-2017 at Invoice Price	Rs. 17,000
Cash sales during the year	Rs. 60,000
Credit sales (20% more than cash sales)	
Total amount deposited in the H.O. account during the year	Rs. 1,27,000
Goods returned by Branch to H.O. (Invoice Price)	Rs. 5,000
Expenses paid	Rs. 10,000
Discount allowed to customers	Rs. 2,000
Bad debts written off	Rs. 1,000
Abnormal Loss (Spoilage)	Rs. 2,000
	(15)

OR

(a) Explain the term "Accounting Concepts" and "Accounting Conventions". Do you agree that both the terms represent the same meaning? Explain (8)

(b) Explain the meaning and significance of Cost Concept and Matching Concept. (7)

Q.5 D Ltd. sold three machines costing Rs. 10,000 each to P on hire purchase system on 1-1-2016. P paid Rs. 6,000 on the above date to receive delivery of the machines and agreed to pay five half-yearly installments of Rs. 6,000 each. P could not pay the third installment in time whereupon D Ltd. repossesses one machine and P retained the other two machines. The

value of the returned machine was agreed to be cash price less 40%. The purchaser charges depreciation @ 10% p.a. on reducing balance method. D Ltd. sold the repossessed machine for Rs. 4500 on 31st December 2017 after incurring repairs of Rs. 200. You are required to show:

- (i) D Ltd. Account and Machinery Account in the books of hire purchaser; and
 (ii) P's Account and Goods Repossessed Account in the books of D Ltd. (15)

Q.6 Rithika and Shalini Arora are partners in a firm and sharing profits and losses equally. On Jan 1, 2020 the Balance Sheet of the firm was as under:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1,00,000	Cash in Hand	8,000
Bills Payable	40,000	Cash at Bank	40,000
Mr. Arora's Loan	20,000	Stock-in-Trade	1,00,000
Reserve Fund	32,000	Debtors 88,000 (-) R.D.D 8,000	80,000
Rithika's Capital	40,000	Plant & Machinery	60,000
Shalini Arora's Capital	1,20,000	Land & Building	64,000
	3,52,000		3,52,000

The firm was dissolved on the date given above. The following transactions took place: (a) Shalini Arora undertook to pay her husband Mr. Arora's Loan and took over 50% of the stock at a discount of 20%. (b) Debtors realized Rs. 72,000; balance of the stock was sold off at a profit of 30% on cost. (c) Sundry creditors were paid out at a discount of 10%. Bills payable were paid in full. (d) Plant realized Rs. 1,00,000; Building Rs. 1,60,000. Shalini Arora took over the goodwill of the firm at a valuation of Rs. 40,000. Realisation expenses were Rs. 7,000.

Prepare: (a). Realisation Account; (b). Partner's Capital Accounts; and (c). Bank Account.

(15)

OR

Write short notes on **any three** of the following:

- (i) Business Entity Concept
 (ii) Purchase Book and Sales Book
 (iii) Fixed Assets and Current Assets.
 (iv) Accounting Period Concept
 (v) Pro-forma Invoice

(3x5)