

Unique Paper Code	: 61018112
Name of the Paper	: Financial Accounting
Name of the Course	: B. Voc.
Semester	: I
Duration	: Part A: 2 Hours 30 Minutes Part A & Part B : 3 Hours
Maximum Marks	: Part A: 55 Part B: 20

Instructions for Candidates:

1. This question paper has two parts: PART A and PART B.
2. Part A is meant for those students who have opted Financial Accounting with Practical and the duration is 2 hours 30 minutes. Write PART A on the top of the answer sheet if student has opted Financial Accounting with Practical.
3. PART A + PART B are meant for those students who have opted Financial Accounting without Practical and the duration is 3 hours. Write PART A + PART B on the top of the answer sheet if student has opted Financial Accounting without Practical.
4. Answers may be written either in English or Hindi but the same medium should be used throughout the paper.
5. Working Notes should form part of the answer.

PART A

Attempt ANY THREE Questions out of given FIVE Questions]

Q.1 (a) Distinguish between the perpetual and periodic methods of inventory valuation.

(b) How will you deal with abnormal loss of stock and insurance claim under (i) debtors method and (ii) stock and debtors method of branch accounting? **(8+10.33)**

Q.2. 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.

(18.33)

Q.3 Mr. A purchased a machinery on 1st October 2013 for Rs. 4,50,000 and spend Rs. 10,000 on freight and transit insurance. On 25th December 2013, he further spent Rs.40,000 on its erection. The machinery was ready for use on 1-1-2014. On 1st July 2014, he purchased another machinery for Rs. 1,00,000. During the year 2015, he spent Rs. 10,000 on its repairs. However, on 1st July 2016, a part of the machinery on 1-10-2013, costing Rs. 2,00,000 was sold for Rs. 1,50,000. On 1-10-2016, he purchased another machinery for Rs. 3,00,000. On 1st July 2017, however, machinery purchased on 1st July 2014 was sold for Rs. 65,000. Depreciation was charged by him @10% p.a. by DBM. During the year 2017, he decided to change the method of depreciation and adopted the SLM of charging depreciation @ 10% p.a. Prepare machinery A/c up to the year ending 31st December 2017. **(18.33)**

Q.4 R. Ltd. Of Delhi has a branch in Chandigarh to which goods are sent @20% above cost. The branch sells goods at cash and credit basis. Branch expenses are met partly from Head Office and partly by the branch. Following further details are as follows:

	Rs
Cost of Goods sent to Branch at cost	2,00,000
Goods received by branch at invoice price	2,20,000
Credit Sales for the year at Invoice price	1,64,000
Cash Sales for the year at invoice price	58,000
Cash remitted to Head Office	2,22,500
Expenses paid by Head office	12,000
Bad Debtors written off	750

Balances as on	January 1, 2018	December 31, 2018
	Rs.	Rs.
Stock	25,000(Cost)	28,000 (Invoice Price)
Debtors	32,750	26,000
Cash in Hand	5,000	2,500

Prepare Branch Stock Account, Branch Debtors Account, Branch Expenses Account and Branch Adjustment Account in the books of Head office. **(18.33)**

Q.5 (a) Explain with illustration (i) Full Repossession and (ii) Partial Repossession under Hire Purchase System.

(b) How accounts are classified under accounting equation approach?. **(10+8.33)**

PART B

[For the students who have not opted Computerized Accounting]

Q. 6. X,Y and Z are engaged in manufacturing of toys. They share profits and losses in the ratio of 3:2:1 respectively. On 31st December, 2019 their balance sheet was as follows:

Capital and Liabilities		Assets	
Sundry Creditors	90,000	Plant and Machinery	96,000
General Reserve	7,200	Inventory	90,000
Mrs. X's Loan	78,000	Sundry Debtors 1,20,000 Less: Provision for Doubtful Debtors(6,000)	1,14,000
Capital Account		Prepaid Insurance	2,400
X 60,000		Investments	18,000
Y 90,000		Bank	16,800
Z 12,000	1,62,000		
	3,37,200		3,37,200

On the above date, firm was dissolved. Assets realised as follows:

Plant and machinery Rs. 60,000, inventory Rs.69,000, Sundry Debtors Rs. 99,000

Mr. X agree to take investment for Rs. 12,000 , he also agreed to discharge Mrs. X's loan. At the time of realisation, it was found that a contingent liability of Rs. 30,000 exists which needs to be settled and paid.

Expenses of realisation amounted to Rs. 4,800.

Mr Z was admitted on 1st January, 2017 with the undertaking that the business will continue for at least for a period of 5 years. On his assurance he paid Rs. 60,000 for premium of goodwill.

You are required to pass Journal entries and prepare necessary ledger accounts to close the books of the firm.

(20)