

B. Com-II

Financial Accounting

Paper-BC- 103

Time:- 3 Hours

M.Marks-80

Note :- Attempt Five questions in all selecting at least One but not more than Two questions from each unit. All questions carry equal marks.

UNIT-I

Q 1. What is Accounting? What are the objectives of Accounting? Also explain the branches of Accounting.

Q 2. What do you mean by Accounting Principles? Also explain their different types.

Q 3. From the following trial balance and additional adjustments, you are required to prepare the final accounts for the year ended on 31st December 2011.

Name of accounts	Dr.	Cr.
Cash at Bank	4,900	
Capital		1,00,000
Wages	45,000	
Opening Stock	1,00,000	
Purchases and Sales	2,52,000	3,50,000
Returns	10,000	2,000
Repairs	3,000	
Interest on Loan	2,000	
Loan at 12% (on 1st April)		1,00,000
Bad-debts	5,000	
Salaries	25,000	
Income Received in advance		70,000
Sales Tax	2,000	

Octroi	1,000	
Rent	6,000	
Insurance	4,000	
Machinery	50,000	
Debtors	71,000	
Discount		2,000
Long Term Debts		4,000
Patents	7,500	
Copy Rights	18,600	
Goodwill	21,000	
	6,28,000	6,28,000

Adjustments:

1. Closing Stock was ` 1,00,000.
2. Prepaid Rent was ` 1,000.
3. Insurance unexpired was ` 1,000.
4. Provide 4% depreciation on Machinery.
5. Wages include ` 5,000 for the erection of New Machinery on 1st January, 2011.
6. Outstanding salaries were ` 5,000.
7. Create a provision at 5% on other Debts.
8. Debtors including Karan for dishonoured bill of ` 2,000. Half the amount of Karan's bill was irrecoverable.
9. Write off Patents, Copy rights and Goodwill by $33\frac{1}{3}\%$ each.

UNIT-II

Q 4. What do you mean by Depreciation? What are the causes of Depreciation? Also discuss the methods of providing Depreciation.

Q 5. Differentiate the following:-

- (i) Provision and Reserve.
- (ii) Receipts and Payments A/c and Income and Expenditure A/c.
- (iii) Proforma Invoice and Account Sales.

Q 6. Sachin of Karnal consigned 1,000 kgs of ghee to Amrit of Ajmer. The cost of each kg of ghee was `55. Sachin paid `500 as carriage, `700 as freight and `800 as insurance in transit. During transit 100 kgs of ghee were destroyed due to accident for which the insurance company paid directly to consignor `3,200 in full settlement of the claim.

After three months from the date of consignment of goods, Amrit reported that 750 kgs of ghee was sold @ 70 per kg. and the expenses incurred on godown rent `1,000 and on marketing `1,800. Amrit is entitled to a commission of 6% on sales. Amrit also reported a loss of 20 kgs of ghee due to leakage. Prepare necessary accounts in the books of both the parties.

Q 7. Philips Ltd. has a branch at Ambala. Goods are invoiced to branch at cost plus 25%. Branch is instructed to deposit cash every day in the Head Office Account in the bank. All expenses are paid by cheque by the Head Office except petty expenses which are paid by the branch manager. From the following particulars, prepare branch account in the books of Head Office:-

Name of Account	
Stock on 1 st April, 2006	40,000
Stock on 31 st March, 2007	52,000
Sundry Debtors on 1 st April, 2006	22,000

Sundry Debtors on 31 st March, 2007	29,000
Cash Sales for the Year	1,95,000
Credit Sales for the Year	1,15,000
Cash remitted to Head Office	2,52,000
Computer purchased by Branch	39,000
Goods invoiced from the Head Office	2,87,000
Expenses paid by the Branch	1,700
Expenses paid by the Head Office	25,000
Head Office sent cash to purchase Furniture for the Branch	15,000

UNIT-III

- Q 8. X purchased seven trucks on hire-purchase system on 1-7-2010. The cash price of each truck was ` 50,000. He was to pay 20% of the cash price at the time of delivery and the balance in five half yearly instalments starting from 31-12-2010 with interest @ 5% per annum. On X's failure to pay the instalments due on 30-06-2011 it was agreed that X would return 3 trucks to the Vendor and remaining 4 would be retained by him. The Vendor agreed to allow him credit for the amount paid against these 3 trucks less 25%.

Show the relevant accounts in the books of X assuming that his books are closed in June every year and the depreciation is charged on trucks @ 20%.

- Q 9. Following is the Balance Sheet of X and Y who share profits and losses in the ratio of 4:1 as at 31st March, 2009.

Liabilities		Assets	
Sundry Creditors	8,000	Bank	20,000
Bank Overdraft	6,000	Debtors	17,000
X's Brother's Loan	8,000	Less: Provision	<u>2,000</u> 15,000

Y's Loan	3,000	Stock	15,000
Investment Fluctuation Fund	5,000	Investment	25,000
Capitals:		Furniture	6,000
X		Building	19,000
Y	90,000	Goodwill	10,000
		P&L A/c	10,000
	1,20,000		1,20,000

Firm was dissolved on the above date and the following arrangements were decided upon:

- (i) X agreed to pay off his Brother's Loan.
- (ii) Provision for doubtful debts on debtors increased to ` 5,000.
- (iii) Other assets realised: Investment 20% less; and Goodwill at 60%.
- (iv) Building were auctioned for ` 30,000 and the auctioneer's commission amounted to `1,000.
- (v) Y took over part of Stock at `4,000 (Being 20% less than the book value), Balance Stock realised 50%.
- (vi) Realisation expenses amounted to ` 2,000.

Prepare (i) Realisation A/c (ii) Partners Capital A/c (iii) Bank A/c.

Q 10. Differentiate the following:-

- (i) Sacrificing Ratio and Gaining Ratio.
- (ii) Revaluation A/c and Realisation A/c.
- (iii) Hire Purchase System and Instalment Payment System.