

Name of course:	B.Com Sem. I
Scheme/Mode of Examination:	CBCS
Name of the Paper:	Financial Accounting
UPC/Subject Code:	52411101_OC
Duration:	03 Hours
Maximum Marks:	75 Marks

Attempt Any Four Questions. All questions carry equal marks.

1. Why it is necessary to understand the difference between Capital Expenditure and Revenue Expenditure and between Capital Income and Revenue Income?
2. “Joint venture is different from partnership” How? Also explain different mode of commission under Consignment Agreement.
3. You have recently joined Rahane Enterprises as an accountant and have been asked to prepare Trading and Profit and Loss Account for the year ending 31st March, 2020 and the balance sheet as at that date from the following trial balance on 31st March, 2020 after giving effect to the under-mentioned adjustments:

Debit Balance	Amount (Rs.)	Credit Balance	Amount (Rs.)
Land and Buildings	50,000	Capital	2,00,000
Plant and Machinery	20,000	Reserve for bad and doubtful debts	500
Sundry Debtors	33,000	Sales	4,60,000
Packing Charges	800	Sundry Creditors	25,100
Bad Debts	2,500	Bank Overdraft	50,000
Drawings	12,000	Interest on Investments	11,600
Wages	31,000	Bills Payable	9,200
Stock	25,600	Interest on Loan to Sehwaag	600
Loan to Sehwaag	8,000		
Rent	10,000		
General Expenses	2,900		
Investments	1,20,000		
Purchases	3,20,000		
Freight Charges	4,200		
Sales Return	4,200		
Insurance	1,800		
Cash and Bank Balance	7,400		
Postage and Telegram	7,600		
Goodwill	80,000		
Bills Receivable	12,400		
Rates and Taxes	3,600		

Total	7,57,000	Total	7,57,000
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Adjustments:

1. Closing Stock as on 31.3.2020 Rs. 32,000.
2. Rent Outstanding Rs. 2,000 and Prepaid Insurance Rs. 600.
3. Depreciate Land and Building by 5% and Plant and Machinery by 12%.
4. Further bad debts were estimated at Rs. 700. Increase reserve for bad debts to Rs. 3,000.
5. 25% of the Goodwill is to be written off.
6. Goods worth Rs. 1,400 were sent on 25.3.2020 as "Sale on Approval Basis" for Rs. 1,600 and the approval was not received before the end of the month.
7. Goods worth Rs. 1,600 were distributed as free samples.

4. Prepare Hire Purchase Trading Account along with associated accounts

	Rs.
• Cash Received from Hire Purchasers	1,90,000
• Goods Repossessed from Hire Purchasers (Due Rs. 10,000)	6,000
• Expenses on Installment Collection	2,000
• Sale value of Goods sold in previous year but installments fall due in current year	40,000
• Value of Installment due in previous year but could not receive in previous year	25,000
• Installment due in current year but not received	15,000
• Stock at shop at the begin of the current year	50,000
• Purchase of goods	3,00,000
• Cost of goods sold in cash	40,000
• Unsold Stock at Shop at the end (Excluding Repossessed)	60,000
Goods were sold at Cost +25% profit on Cost.	

5. Surya traders of Delhi has a branch in Jaipur, where goods are invoiced at cost plus 50 percent. From the following particulars prepare Branch Stock Account and Branch Adjustment Account as they would appear in the book of Head Office:

	Rs.
Branch Debtors at beginning of the year	7,00,000
Opening stock at Branch	4,00,000
Furniture at Branch at the beginning of the year	9,00,000
Cash sale at branch	35,00,000
Credit sale at branch	50,00,000
Goods received from head office during the year	65,00,000
Goods in transit at the end of the year	5,00,000
Cash Received from branch debtors by branch	35,00,000
Cash received from branch debtors by H.O.	5,00,000
Goods returned by branch debtors to branch (it was sold at Invoice+1/3rd of Invoice)	2,00,000
Goods returned by branch debtors to H.O. (it was sold at Invoice price)	90,000
Normal loss of stock at branch	5,000
Abnormal loss of stock at Branch	30,000
Unsold stock at branch at the end of the year (excluding returned goods)	17,00,000

6. A, B, and C shared profits and losses in the ratio of 5:3:2 respectively. On December 31, 2019 their balance sheet was as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
A's Capital Account	1,50,000	Cash	5,000
B's Capital Account	1,00,000	Stock	2,40,000
C's Capital Account	50,000	Furniture	55,000
Trade Creditors	1,50,000	Profit and Loss Account	2,00,000
Bank Loan	50,000		
Total	5,00,000	Total	5,00,000

The bank had a charge on all the assets. Furniture realized Rs. 15,000 while the entire stock was sold for Rs. 1,25,000. B's private estate realized Rs. 30,000; his private creditors were Rs. 25,000. C was unable to contribute anything. A paid one third of what was finally due from him (taking the payment also into account) except on account of other partners. Prepare Realization Account, Cash Account and Partner's Capital Accounts, passing all matters relating to realization of assets and payment of liabilities through the Realization Account. Clearly show your calculation regarding cash brought in by A.