

DEEN DAYAL UPADHYAYA COLLEGE
B.COM (HONOURS) CBCS SEMESTER-1
FINANCIAL ACCOUNTING

DURATION-2 Hours

Max. Marks-25

Attempt any 3 questions. Every question consists of two parts (a) and (b). Please answer both the parts of a particular question together.

Question 1 (a) Ram Limited which depreciates its machinery @ 10% p.a. on Diminishing Balance Method, had on 1st January,2019, 972,000 on the debit side of the Machinery Account. During the year 2019, machinery purchased on 1st January,2017 for 80,000 was sold for 45,000 on 1st July 2019 and a new machinery at a cost of 1,50,000 was purchased and installed on the same date, installation charges being 8,000. It is now decided to change the method of depreciation from Diminishing Balance Method to Straight Line Method. The rate of depreciation remains the same before. Show Machinery Account for the year ending 31ST December, 2019. (6 Marks)

(b) Briefly explain the important provision of AS-10. (2.3 Marks)

Question 2 : (a) Following are the details of materials in respect of a certain item of M/s Solar and Company:

Date (2017)	Transactions	Details
January 1	Purchases	2400 units @ 60 each
February 1	Purchases	800 units @ 75 each
February 15	Sales	800 units
April 1	Purchases	1200 units @ 90 each
April 15	Sales	1600 units
June 1	Purchases	1200 units @ 120 each
June 15	Sales	1400 units

Using perpetual system of inventory, find out the cost of closing stock as on June 30,2017 according to a. First in first out basis b. Weighted Average basis. (6 Marks)

(b) Distinguish between periodic and perpetual inventory system. (2.3 Marks)

Question 3: (a) A Ltd. purchased on 1ST January 2014 from M/S SK Traders 4 machines having cash price of 8,00,000 each on hire purchase basis. The payment was to be made as follows:

10% of cash price down

25% of cash price at the end of each of the following four years

A Ltd. paid the first instalment but failed to pay the second instalment due on 31st December 2015. M/S SK Traders repossessed 3 machines leaving remaining one machine with the buyer. The value of 3 machines was taken at cost less depreciation @ 20% p.a. on reducing balance method. A Ltd. charges depreciation @ 10% p.a. on reducing balance method on 31st December every year. M/S SK Traders spent 4,20,000 on overhauling of the 3 machines repossessed and sold two of the repossessed machines for 12,00,000. Prepare necessary accounts in the books of both the parties. (6 Marks)

(b) Explain the ‘Stock & Debtors System’ of ascertaining profit in the books of hire vendor dealing in innumerable number of small valued items. (2.3 Marks)

Question 4 : Khushi of Delhi has a branch at Jaipur. She sends the goods to the branch at a profit of 20% on sales. Following information is available of the transactions at Jaipur branch for the year ending 31st March, 2018:

Stock at invoice price (on 1.4.2017)	2,00,000
Debtors (on 1.4.2017)	60,000
Debtors on (31.3.2018)	55000
Petty Cash (1.4.17)	750
Goods sent to branch at Invoice Price	21,00,000
Goods returned by branch to H.O.	75,000
Normal Loss at Invoice price	1750
Goods lost by fire at Invoice Price	20,000
Goods pilfered at Invoice Price	15,000

Cash Sales	5,25,000
Credit Sales	9,00,000
Insurance Company paid to H.O. for loss by fire at Jaipur	15,000
Bad debts	2,000
Cash sent for petty expenses	1,63,000
Goods transferred to Lucknow branch under instructions from H.O.	60,000
Insurance Charges paid by H.O.	1,000
Goods returned by Debtors to Branch	2500
Petty Cash (on 31.3.2018)	4250

Prepare: Branch Stock A/c, Branch Debtors A/c, Branch Adjustment A/c and Branch Profit & Loss A/c. (6 Marks)

(b) Distinguish between 'Dependent Branch' and 'Independent Branch'.(2.3 Marks)