[This question paper contains 4 printed pages.]

Your Roll No...............

Sr. No. of Question Paper : 772 **I**

Unique Paper Code	:	6202461101
Name of the Paper	:	Basics of Financial Accounting
Name of the Course	:	**B.Voc. Banking, Financial Services and Insurance**
Semester	:	I

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Use of a simple calculator is allowed.
3. **All** questions carry equal marks.
4. Attempt any **6** questions.

1. Write a short on : (any **three** of the following) : (5×3=15)

   (a) Going Concern Concept

   (b) Accounting Equation

   (c) Earnings Management

   (d) Any two liquidity Ratios

2. The following transactions took place in April 2024:

1st April 2024	Mr. Soham opened a grocery store with Rs. 6,00,000 cash, Rs. 5,00,000 as bank balance, and furniture worth Rs. 2,00,000
4th April 2024	Purchased machinery for Rs. 100,000.
6th April 2024	Bought goods from local market for Rs. 1,00,000 and sold them at a profit of Rs. 20,000.
7th April 2024	Paid to landlord rent of the month by cheque Rs. 3000
10th April 2024	Bought from M/s Gupta & Sons goods of the total value of Rs. 4,00,000 and paid Rs. 1,50,000 them by cheque

12th April 2024	Goods worth Rs. 4,00,000 were purchased in an auction sale from Ramesh Brothers and paid Rs. 50,000 in cash
15th April 2024	Paid for the goods bought at auction on 12th April by cheque for the balance.
17th April 2024	Sold goods on credit to Anil for Rs. 1,00,000 and paid Rs. 3000 for freight, which is to be collected from Anil.
21st April 2024	Deposited cash in the bank Rs. 2,00,000
22nd April 2024	Withdrawn from bank for office use Rs. 30,000 and for private use Rs. 20,000.
25th April 2024	Paid Salary to Mr. Narayana, Rs. 5,000 through cheque.

You are required to :

(a) Record the above transactions in the Journal. (10)

(b) Also, prepare a bank account. (5)

3. (a) What is the difference between a Trading Account and a Profit and Loss Account? What are the objectives of making both these accounts? (10)

(b) Explain the meaning and importance of Generally Accepted Accounting Principles. (5)

4. The following Trial Balance has been extracted from the books of Mr Sohan Lal and Sons as on 31st March 2024 :

Particulars	Dr (Rs)	Particulars	Cr (Rs)
Machinery	4,00,000	Capital	9,00,000
Cash at Bank	1,00,000	Sales	16,00,000
Cash in Hand	50,000	Sundry Creditors	4,50,000
Wages	1,00,000	Interest Received	30,000
Purchases	8,00,000		
Stock as on 1st April 2023	6,00,000		
Sundry Debtors	4,40,000		
Bills Receivables	2,90,000		
Rent	45,000		
Commission	25,000		
General Expenses	80,000		
Salaries	50,000		
Total	29,80,000	Total	29,80,000

Additional Information :

(i) Outstanding salaries were ₹45,000.
(ii) Depreciate Machinery at 10%.
(iii) Wages outstanding were ₹5,000.
(iv) Rent prepaid ₹10,000.
(v) Provide for interest on capital @ 5% per annum
(vi) Stock on 31st March, 2024 ₹8,00,000

From the above information,

(a) Prepare Trading and Profit and Loss Account for the year ended 31st March, 2024. (10)

(b) Also, prepare the Balance Sheet on that date. (5)

5. (a) The Cash Book of Mr. Raj Kumar shows Rs. 8,36,400 as the balance at Bank as on 31st December, 2022, but you find that it does not agree with the balance as per the Bank Pass Book. On scrutiny, you see the following discrepancies : (10)

(i) On 15th December 2022, the payment side of the Cash Book was undercast by Rs. 10,000.

(ii) A cheque for Rs. 1,31,000 issued on 25th December 2022 was not taken in the bank column.

(iii) One deposit of Rs. 1,50,000 was recorded in the Cash Book as if there is no bank column.

(iv) On 18th December 2022, the debit balance of Rs. 15,260 as on the previous day, was brought forward as credit balance in the Cash book.

(v) Of the total cheques amounting to Rs. 11,514 drawn in the last week of December 2022, cheques aggregating Rs. 7,815 were encashed in December.

(vi) Dividends of Rs. 25,000 collected by the Bank and subscription of Rs. 1,000 paid by it were not recorded in the Cash Book.

(vii) One outgoing Cheque of Rs. 3,50,000 was recorded twice in the Cash Book.

Prepare a Reconciliation Statement.

(b) Discuss the need and advantages of preparing a Bank Reconciliation Statement. (5)

6. (a) What do you understand by International Financial Reporting System? Explain its need and scope. (10)

(b) Explain in detail the contents of a Corporate Annual General Report. (5)

7. (a) Explain how ratio analysis can detect earnings management. Discuss the limitations of relying solely on financial ratios to identify manipulative practices. (10)

(b) Identify and explain a few key stakeholders interested in a company's financial statement analysis. (5)

8. (a) Differentiate between: (5×2=10)

(i) Horizontal Analysis Vs. Vertical Analysis

(ii) Solvency Ratios Vs. Liquidity Ratios

(b) The data extracted from the books of two companies is given below: (5)

Particulars	**ABC Ltd (Rs)**	**XYZ Ltd (Rs)**
Sales	2500	2250
Purchases	1450	1125
Opening Stock	450	225
Closing Stock	275	145
Creditors	120	130
Debtors	240	220
Bills Payable	85	115
Bills Receivables	115	135

Compute the Following Ratios for both the companies :

(i) Debtors Turnover Ratio

(ii) Creditors Turnover Ratio

(iii) Stock Turnover Ratio