

(i) Printed Pages : 7

Roll No.

(ii) Questions : 9

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B.Com. 1st Semester

1125

PRINCIPLES OF FINANCIAL ACCOUNTING

Paper : BCM-105

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :- Students are required to attempt **four** questions from Section-A of short answer type, **two** questions each from Section-B and Section-C each of essay type. Marks are indicated against each question.

SECTION-A

1. Explain the following in brief :

(i) Explain the meaning and significance of 'Money measurement concept'. 5

(ii) X, Y and Z are partners in a firm in the ratio of 4 : 3 : 2. On firm's dissolution, firm's Total Assets are Rs. 70,000, Creditors are Rs. 15,000, Realisation expenses are Rs. 2,100. Assets realised 15% more than the book value. Creditors were paid 2% more. For Profit/Loss on realisation, Y's Capital A/c will be debited/credited with how much amount ? 5

(iii) A consigned to B 1,500 kg. of flour costing Rs. 4,500/-. He spent Rs. 307 as forwarding charges. 5% of the consignment was lost in weighing and handling. B sold 1350 kg. of flour at Rs. 4 per kg. His selling expenses being Rs. 550 and Commission at 12½% on Sales; calculate the amount of unsold Stock on Consignment. 5

(iv) Minimum Rent in connection with Royalty. 5

(v) Give adjustment entry of the following in case a firm closes its accounts on 31st March, 2012 : 5

Goods costing Rs. 5,000 were sent to a customer on 'Sale on Approval basis' for Rs. 6,400 on 29th March 2012 and had been recorded in the books as actual Sales. 5

(vi) How will you deal with 'Goods in Transit' under Direct method of Branch Accounts ? Show your working with imaginary figures. 5

SECTION-B

2. What do you mean by Accounting assumptions ? Explain and illustrate fully. 5,10

3. Hero Cycle Ltd. has a branch at Ludhiana. 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 cash expenses

which are paid by the branch manager; from the following particulars, prepare a Branch Account in the books of Head Office :

| | Rs. |
|---|--------|
| Stock on 1 st April, 2006 | 5,000 |
| Stock on 31 March, 2007 | 6,000 |
| Sundry Debtors on 1 st April, 2006 | 2,800 |
| Sundry Debtors on 31 March, 2007 | 3,600 |
| Cash Sales for the year | 21,600 |
| Credit Sales for the year | 14,000 |
| Cash remitted to Head Office | 30,000 |
| Machinery Purchased by the Branch | 2,400 |
| Goods invoiced from the Head Office | 36,400 |
| Expenses paid by the Branch | 240 |
| Expenses paid by the Head Office | 3,280 |
| Head Office sent cash to purchase safe for the Branch | 2,600 |
| | 15 |

4. What is the meaning of Departmental Accounts ? Give suitable basis for the distribution of indirect expenses in Departmental Accounts.

15

5. The following is Trial Balance of Mohan as at 31st March, 2015 :

| Dr. Balances | Rs. | Cr. Balances | Rs. |
|------------------------|-----------|-------------------|-----------|
| Drawings | 60,000 | Capital | 8,00,000 |
| Opening Stock | 75,000 | Sales | 23,10,000 |
| Purchases | 15,95,000 | Creditors | 3,00,000 |
| Freight on Purchases | 25,000 | Discount received | 15,000 |
| Wages (11 months) | 66,000 | Provisin for | |
| Salaries | 1,40,000 | Bad Debts | 8,000 |
| Postage & Telegram & | | Interest on | |
| Telephones | 12,000 | Investments | 12,000 |
| Printing & Stationery | 18,000 | | |
| Miscellaneous Expenses | 30,000 | | |
| Investments | 1,00,000 | | |
| Debtors | 2,50,000 | | |
| Bad Debts | 15,000 | | |
| Building | 3,00,000 | | |
| Machinery | 5,00,000 | | |
| Furniture | 40,000 | | |
| Commission on Sales | 45,000 | | |
| Insurance | | | |
| (upto 31-7-2015) | 24,000 | | |
| Bank Balance | 1,50,000 | | |
| | 34,45,000 | | 34,45,000 |

Adjustments :

- (i) Closing Stock Rs. 2,25,000.
- (ii) Machinery worth Rs. 45,000 purchased on 1-10-2014 was shown as purchases. Freight paid on the machinery was Rs. 5,000, which is included in freight on purchases.
- (iii) Commission is payable at $2\frac{1}{2}\%$ on Sales.
- (iv) Investments were sold at 10% profit, but the entire proceeds have been taken as Sales.
- (v) Write off Bad Debts Rs. 10,000 and create a provision for Doubtful Debts at 5% of Debtors.
- (vi) Depreciate Building by $2\frac{1}{2}\%$ p.a. and Machinery and Furniture at 10% p.a.

Prepare a Trading and Profit and Loss Account for the year ending 31st March, 2015 and Balance Sheet as on that date.

3,7,5=15

SECTION-C

6. Explain the different methods of maintaining Joint Venture Records.

15

7. Pass Journal Entries in the books of lessee when :

(i) Royalty is more than minimum Rent

(ii) Royalty is less than the minimum Rent. $7\frac{1}{2}, 7\frac{1}{2}$

8. 1000 cycles were consigned by X to Y at Rs. 1,500 each. X paid freight Rs. 1,00,000 and Insurance Rs. 15,000. During transit 100 cycles were totally damaged by fire. Insurance Company paid Rs. 1,40,000 for claim of loss. Y took delivery of 900 cycles and paid Rs. 15,300 for octroi. 800 cycles were sold at Rs. 2,200 each. Expenses of Y were Rs. 20,000. Y was entitled to a Commission of 5%. Y settled the account by Bank Draft.

Prepare Ledger Accounts in the books of X and give proper working note of your calculations regarding Abnormal Loss and Consignment Stock. $8,4,3=15$

9. L, M and N entered into partnership on 1st April, 2012 sharing profits in the ratio of 4 : 3 : 3. Their capitals were Rs. 60,000; Rs. 40,000 and Rs. 30,000 respectively. They decided to dissolve the firm on 31st March, 2013 on which date their position was :
Bank Rs. 7,000; Debtors Rs. 40,000; B/R Rs. 5,000;
Stock Rs. 43,000; Furniture Rs. 2,500; Creditors Rs. 15,000 and
B/P Rs. 5,000.

L took over Debtors at 25% discount and took over the liabilities of the payment to Creditors. M took over Stock at Rs. 13,000. N takes B/R at Rs. 5,000 and furniture at 12% depreciation, B/P were due after 2 months. As such a Rebate of 18% p.a. was received on their payment.

10% Interest (p.a) is to be credited to each partner on his Capital. Prepare necessary accounts. 3,5,4,3=15