

2012

Bachelor of Commerce

First Semester

BCM-105: Principles of Financial Accounting

Time allowed: 3 Hours

Max. Marks: 80

**NOTE:** Attempt four short answer type questions from Section-A carries 5 marks each. Attempt two questions each from Section B and C respectively carries 15 mark each.

x-x-x

## Section -A

1. Explain the term 'GAAP' as used in accounting along with its features.
2. Write the difference between 'Normal loss' and 'Abnormal loss'.
3. A consigned to B 1000 kgs. Of certain goods at 200 ₹ per kg. incurring ₹ 5000 as expenses. 100 kgs were lost in transit. B spent ₹ 1000 as non- recurring expenses and ₹ 3000 as recurring expenses. B sold 600 kgs. Of goods. 5kgs. Of goods were lost due to breakage at B's godown which was considered as normal.  
Calculate the amount of abnormal loss and the value of stock on consignment.
4. On dissolution of a firm, its balance sheet revealed: total capital of partners ₹ 5,00,000 ; General reserve ₹ 2,00,000 ; creditors ₹ 1,00,000 and Cash balance ₹ 20,000. Assets were realised as 60%. What will be loss on realisation?
5. Bengal coal co. is the lessee of a mine on a royalty of ₹ 5 per tonne of coal raised. The output during the first 4 years was as follows:

| Year | output (tonne) |
|------|----------------|
| 2016 | 10,000         |
| 2017 | 18,000         |
| 2018 | 25,000         |
| 2019 | 16,000         |
6. Mrs. Prabhjeet kaur has a branch in Chandigarh where goods are sent with loading of 20% on cost. Head office keeps all records. Show Chandigarh Branch Account in the books of H.O. with following information:

|                               |       |
|-------------------------------|-------|
| Opening stock (invoice price) | 12000 |
| Closing stock (invoice price) | 9000  |
| Credit sales                  | 20500 |
| Cash sales                    | 8750  |
| Receipts from debtors         | 18950 |
| Debtors (closing)             | 4580  |
| Goods received from H.O.      | 15000 |

P.T.O.

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|                            |      |
|----------------------------|------|
| Goods in transit (closing) | 1800 |
| Expense paid by H.O.       | 5200 |

Section –B

7. What are final accounts? Why and how these are prepared?
8. What are departmental accounts? Why these are prepared? Explain the basis of allocation of expenses over various departments?
9. From the following trail balance as on 31.03.2021, prepare trading and profit & loss A /c and Balance sheet:

| Debit               | Amount | Credit                  | Amount |
|---------------------|--------|-------------------------|--------|
| Opening stock       | 2100   | Sales                   | 15000  |
| Purchases           | 7800   | Creditors               | 5000   |
| Debtors             | 5600   | Provision for Bad debts | 700    |
| Plant and machinery | 1500   | Bills payable           | 5000   |
| Wages               | 3000   | Capital                 | 6085   |
| Building            | 3800   |                         |        |
| Bills receivable    | 4000   |                         |        |
| Carriage            | 400    |                         |        |
| Discount            | 100    |                         |        |
| Office expenses     | 475    |                         |        |
| Cash                | 610    |                         |        |
| Salaries            | 900    |                         |        |
| Repairs             | 800    |                         |        |
| Bad debts           | 500    |                         |        |
| Prepaid expenses    | 200    |                         |        |
|                     | 31785  |                         | 31785  |

Adjustments:-

- (1) Closing Stock Rs. 8000
- (2) Further bad debts are Rs. 300. Maintain a provision for doubtful debts at 5% and a provision for discount on creditors and debtors at 2%.
- (3) Work manager's commission is at 5 % on gross profit.
- (4) General managers commission is at 10% on net profit before charging such commission.
- (5) Rs. 1000 spent on the construction of cycle shed is included in wages.
10. Ayaan Ltd. invoiced goods to its Chandigarh branch at selling price which is cost plus 25%. From the following particulars, prepare accounts under 'stock and debtors system:-

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|  |       |
|--|-------|
| Stock at branch (1-4-2020) (invoice price) | 7500  |
| Branch debtors (1-4-2020)                  | 13100 |
| Goods from head office (invoice price)     | 50400 |
| Cash sales                                 | 16750 |
| Total sales                                | 50750 |
| Branch debtors(31-3-2021)                  | 16550 |
| Stock at branch (31-3-2021)                | 6950  |
| Allowances to debtors                      | 160   |
| Goods return to head office                | 350   |
| Goods returned by debtors                  | 290   |
| Discount allowed                           | 1200  |
| Bad debts                                  | 300   |
| Rent and rates                             | 900   |
| Salaries and wages                         | 3000  |
| Trade expenses                             | 650   |

## Section – C

11. What is meant by shortworkings? What are various methods of recoupment of shortworkings? Are short workings always recouped?
12. Explain different Methods of recording joint venture transactions.
13. Oswal Mills Ludhiana consigned 5000kgs of vanaspati ghee to vijay dealers of Chandigarh. Each kg ghee cost ₹ 8. Oswal mills paid ₹.50 as carriage, ₹ 250 as freight and ₹ 200 as insurance in transit. During transit 500 kgs were accidentally destroyed for which insurance company paid directly to the consignee ₹ ₹ 2500 in full settlement of the claim. After 3 months from the date of the consignment of the goods to Chandigarh, vijay. dealers reported that 3500 kgs of ghee was sold at the rate 9.50 ₹/kg and expenses being: on godown rent ₹ 500 and on sales man salary, ₹ 750. Vijay dealer is entitled a commission of 5% on sales. Vijay dealers also reported a loss of 20 kgs due to leakage. Prepare necessary accounts, ignoring GST in the books of both parties.
14. Dev and Dharam started a partnership business on 1<sup>st</sup> April,2019. They contributed Rs. 30,000 and Rs. 20,000 respectively. Profits are to be shared in the ratio of their capitals, initially, contributed. Business continues for two years. Following was the result:  
 Year ending March 31,2020 Rs. 30,000 (profit) (Before charging interest on Capital)  
 Year ending March 31,2021 Rs. 22,000 (profit) (Before charging interest on Capital)  
 They decided to dissolve the partnership on March 31, 2021. Partners drawings were Rs. 4,000 each p.a. Creditors were Rs. 16,400 on the date of dissolution. Assets of the firm realised Rs. 75,000 at an expense of Rs. 550. Partners, capital to carry interest @10% p.a. Prepare necessary accounts to close the books of the partnership business.

x-x-x