

21/123

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Bachelor of Commerce 1st Semester

(2122)

PRINCIPLES OF FINANCIAL ACCOUNTING

Paper : BCM-105

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :— The students are required to attempt **FOUR** questions from Section-A of short answer type (5 marks each), **TWO** questions from Section-B and Section-C each of essay type (15 marks each).

SECTION—A

1. Explain going concern concept of Accounting.
2. Discuss memorandum joint venture account.
3. Explain maximum loss method of piecemeal distribution.
4. On 1.1.2017, X obtained a lease of coal-mine from Y at a royalty of Rs. 2 per ton of coal raised subject to minimum rent of Rs. 10000 p.m. with power to recoup short workings

over first 4 years of the lease. Prepare Y's Account in the books of X from the following details :

Year	2017	2018	2019	2020	2021
Sales (tons)	2200	3500	4600	5800	7000
Closing stock (tons)	300	500	400	600	800

5. Dabur Ltd. has three departments and submits the following information for the year ending 31st March 2022 :

	Dept. A	Dept. B	Dept. C	Total (Rs.)
Purchase (units)	5000	10000	15000	
Purchase (amount)				8,40,000
Sales (units)	5200	9800	15300	
Selling price (Rs. per unit)	40	45	50	
Closing stocks (units)	400	600	700	

You are required to prepare Departmental trading account of Dabur Ltd. assuming that the rate of gross profit on sales is uniform in each case.

6. From the following figures you are required to prepare :

- Bad debts Account
- Provision for bad debt Account
- Profit and Loss Account

April 1, 2021	Provision for Bad debt	Rs. 2,500
March 31, 2022	Bad debt	Rs. 1,870
	Debtors	Rs. 20,000

Maintain Provision for bad debt at 5% on debtors.

SECTION—B

- 7. What do you mean by branch Accounting ? Explain 'Debtor System' and 'Stock and Debtor System' for keeping books of dependent branches with journal entries.
- 8. What do you mean by accounting concepts ? Explain in detail any five accounting concepts.
- 9. The following is the Trial Balance of M/s Sharma & Co. as on 31st March, 2022 :

Debit Balance	Rs.	Credit Balance	Rs.
Stock (1.04.2021)	66,810	Sales	6,31,000
Purchases	4,06,265	Provision for bad debts	10,000
Sundry debtors	1,25,500	Sundry creditors	79,320
Wages	57,850	Bills payable	9,870
Salaries	27,837	Commission accrued	
Furniture	18,130	not paid	1,755
Postage	1,565	Capital	25,000

Fuel and Power	3,375	Outstanding wages	5,000
Commission	9,580		
Bad Debts	1,310		
Loan to Mukesh	7,500		
Cash in Hand	8,113		
Cash at Bank	16,980		
Drawings	11,130		
	7,61,945		7,61,945

Prepare the Trading and Profit and Loss Account for the year ended 31st March, 2021 and the Balance Sheet as on that date taking into consideration the following information :

- (a) Stock on 31st March, 2022 was Rs. 31,375.
- (b) Loan to Mukesh was given on 1st December, 2021 @ 10%.
- (c) Depreciation on furniture to charged @ 10%.
- (d) Sundry debtors include an item of Rs. 3,100 due from a customer who has become insolvent.
- (e) Provision for doubtful debts is to be maintained @ 5% on Sundry debtors.
- (f) Goods valued at Rs. 3,750 destroyed by fire and Insurance Co. admitted a claim for Rs. 2,500.

10. Chandigarh Traders Ltd. sends goods to its Chennai branch at cost plus 25%. The following particulars are available in respect of the Chennai branch for the year ended 31st March, 2022 :

Particulars	Rs.
Opening stock at branch at cost to branch	80,000
Goods sent to branch at invoice price	12,00,000
Loss in transit at invoice price	15,000
Pilferage at invoice price	6,000
Sales	12,19,000
Expenses	60,000
Closing stock at branch at cost to branch	40,000
Recovered from Insurance Co. against loss in transit	10,000

Show Ledger Accounts in the Head Office books for :

- (a) Branch Stock Account
- (b) Goods sent to Branch Account
- (c) Branch Adjustment Account
- (d) Branch Profit and Loss Account.

SECTION—C

11. What is Consignment ? Give journal entries in respect of consignment transactions in the books of consignor and consignee.
12. What do you mean by dissolution of partnership and dissolution of firm ? Discuss various methods of dissolution of firm ? Also explain rule of 'Garner Vs. Murray'.
13. Black & White entered into joint venture paying Rs. 30,000 and Rs. 50,000 respectively in joint bank account and sharing profits & losses in the ratio of 3:2. It was agreed that the joint bank account is to be used to purchases and sales, while each partner is to meet his joint venture expenses out of his private funds. Each partner is to charge commission @ 5% on sales made by him. The transaction for the year ended 31st March, 2019 were as follows :

Black purchased 80 tons of wheat @ Rs. 600/ton and his expenses were Rs. 3,000. White sold 60 tons of wheat @ Rs. 750/ton and his expenses were Rs. 2,000.

White purchased 10 tons of sugar for Rs. 7,000 and his expenses were Rs. 1,000. Black sold 8 tons of sugar Rs. 8,000 and his expenses were Rs. 500.

Prepare a Joint Venture Account, Joint Bank Account and the Personal Accounts of the Co-ventures and Balance Sheet as on 31st March, 2019.

14. Mohan and Sohan started a partnership business on 1st April, 2020. 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, 2021 Rs. 30,000 (profit) (Before charging interest on Capital)

Year ending March 31, 2022 Rs. 22,000 (profit) (Before charging interest on Capital)

They decided to dissolve the partnership on March 31, 2022. 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.