

(i) Printed Pages : 15]

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(ii) Questions : 9]

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**Bachelor of Commerce 1st Semester  
Examination**

**1127**

**PRINCIPLES OF FINANCIAL ACCOUNTING  
Paper : BCM-105**

**Time : 3 Hours]**

**[Max. Marks : 80**

**Note :-** Attempt *four* questions form 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**

**5 each**

1. Explain the following in brief :

(i) Briefly enumerated the provisions of AS-06.

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**Turn Over**

- (ii) Following balances have been taken from the books of Miss. Ankita as on 31st March, 2016 :

	Amt. (in Rs.)	
	Dr.	Cr.
Sundry Debtors	80,000	—
Sundry Creditors	—	65,000

***Adjustment :***

Above balances include Rs. 10,000 due from Shruti and Rs. 5,000 due to Shruti for raw materials purchased. Give adjusting entry and show its treatment in Final Accounts.

- (iii) Differentiate between proforma Invoice and Account Sales.

- (iv) Following are the particulars of Shimla Branch.  
Its Head Office is in Chandigard. Prepare Shimla  
Branch Account in the head office books :

	Amt. (in Rs.)	
Stock as on 01.04.2015		32,000
Goods supplied to Branch		1,00,000
Expenses paid by Head Office :		
Insurance upto 31st July, 2016		
	2,400	
Rent paid from 01.04.2015 to		
30.06.2016	1,500	
Wages from 01.04.2015 to		
31.07.2016	<u>4,800</u>	8,700
Cash remitted to Head Office		1,30,000
Stock as on 31.03.2016		10,000

- (v) Soni informed the following particulars of his transactions relating to the goods consigned for the year ended 31.03.2016 :

		Amt. (in Rs.)
Goods sent (10000 kg.)		2,00,000
Soni's Expenses		20,000
Rani's Expenses :		
Freight and Insurance	2,000	
Selling Expenses	<u>10,000</u>	12,000
Goods sold (8000 kg.)		2,24,000
Loss due to natural wastage		
(100 kg.) commission @ 5%		
on gross sales.		

You are required to prepare 'Consignment Account' and show the detailed calculation of unsold goods in the books of Soni.

(vi) Ajay and Vijay were partners, sharing profits and losses in the ratio of 2 : 1. On 1st April, 2016 they dissolved partnership. Their books at that date show the following :

Amt. (in Rs.)		Amt. (in Rs.)	
Book Debts	70,000	Bank overdraft	3,120
Stock	34,000	Sundry creditors	24,440
Investments	18,000	Capital :	
Goodwill	40,000	Ajay	92,220
Furniture	8,800	Vijay	52,220
Cash in Hand	1,200		

The Stock realised 75% of its book value and book debts Rs. 55,600. Furniture was sold for Rs. 10,000. Goodwill provide unrealisable. Investments were taken over by Ajay for Rs. 24,000. Prepare "Realisation Account".

### **Section-B**

2. Explain the distinguishing features between Departmental Accounts and Branch Accounts and the advantages of Departmental Accounts.  $7\frac{1}{2}, 7\frac{1}{2}=15$
3. What do you mean by "Generally Accepting Accounting Principles" ? Briefly state the various concepts and conventions of accounting with suitable examples.  $3, 12=15$

4. On 31st March, 2016 the following Trail Balance  
was extracted from the books of Mr. R. Dogra :

<b>Dr. Balances</b>	<b>Amt.</b> <b>(in Rs.)</b>	<b>Cr. Balance</b>	<b>Amt.</b> <b>(in Rs.)</b>
Drawings	18,000	Capital	80,000
Purchases	82,600	Sales	1,55,000
Stock (01.04.2015)	42,000	Return	
		Outward	1,600
Carriage Inward	1,200	8% Bank	
Wages	4,000	Loan	25,000
Power	6,000	Creditors	18,900
Machinery	50,000		

Furniture	14,000	
Rent	22,000	
Salary	15,000	
Insurance	3,600	
Debtors	20,600	
Cash in hand	1,500	
	<b>2,80,500</b>	<b>2,80,500</b>

***Adjustments :***

- (i) Closing stock Rs. 64,000.
- (ii) Wages outstanding Rs, 2,400.
- (iii) Bad debts Rs. 600 and make provision for bad  
and doubtful debts to be 5%.



(iv) Rent is paid for 11 months.

(v) Loan from Bank was taken on 1st October, 2015.

(vi) Provide depreciation on Machinery @ 10% and on Furniture @ 5%.

(vii) Goods of Rs. 2,000 were received on 29th March, 2016 but purchase invoice was omitted to be recorded in purchase book.

**Required :**

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2016 and Balance Sheet as

on that date.

3,7,5=15

5. Patial Ltd., invoiced goods at its branch at Dharmshala at cost plus  $33\frac{1}{3}\%$ . From the following particulars, prepare Branch Stock Account, Branch Adjustment Account and Branch Profit and Loss Account as they could appear in the books of Head Office :

	Amt.
	(in Rs.)
Stock at the beginning at Branch at I.P.	1,50,000
Stock at the end at Branch at I.P.	1,20,000
Goods sent to Branch during the year	10,00,000
at I.P. (including goods invoiced at Rs. 20,000 to branch on 30th March, 2016, but not received by branch before the close of the year)	

Returns of goods to H.O. at Invoice Price 50,000

Cash sales at Branch 9,00,000

Credit sales at Branch 50,000

Invoice price of goods Pilferaged 10,000

Normal loss at branch due to deterioration

of stock at Invoice Price 15,000

6,6,3=15

### Section-C

6. What is Joint Venture ? How does it differ from

consignment ?

5,10=15

7. Explain Garner Vs. Murray Rule. Does this rule

apply to India ?

10.5=15

Turn Over

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8. On 1st January, 2013, ITC Ltd., of Bhopal consigned 10,000 kgs. of sunflower oil, Costing Rs. 40 per kg to Ramesh and company of Pune. ITC Ltd., paid Rs. 40,000 as freight and insurance 200 kg of oil were lost on 15.01.2013 in transit. The insurance claim was settled for Rs. 7,500 and was paid to the consignor directly. Ramesh & Co. took delivery of the consignment on 29th January, 2013, and accepted a bill drawn upon them by ITC Ltd., for Rs. 2,00,000 for 2 months. On 31st March, 2013 an Account sales was received from Ramesh & Co., containing the information given ahead :

- (i) 8000 kg were sold @ Rs. 55 per kg
- (ii) Unloading charges Rs. 9,500
- (iii) Godown rent Rs. 1,250
- (iv) Printing and advertisement Rs. 10,000 and
- (v) 200 kg were lost due to leakage which is considered as normal.

Ramesh & Co. is entitled to commission @ 5% on sales. They paid the amount due in respect of the consignment on 31st March, itself.

You are required to show :

- (i) Consignment to Pune Account
- (ii) Ramesh & Co. Account, and



(iii) Loss in transit Account in the books of ITC

Ltd.

7,5,3=15

9. Pawan took a lease of mines from Naresh w.e.f.

1st January, 1998 for 25 years. The terms provided for the royalty payment @ Rs. 6 per ton raised.

subject to a Minimum Rent of Rs. 1,20,000 p.a. with

a right to recoup short workings within next 3 years.

It was also agreed that the minimum rent should be reduced proportionately in case of strikes or lock-outs

in any year. The following are the details of output

in tons :

2005 – 23,000;

2006 – 18,700;

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2007 – 15,400 (Strike for 3 months);

2008 – 19,000;

2009 – 20,600;

2010 – 22,600.

The balance is short working Account as on 1st January, 2005 was Rs. 49,000, of which Rs. 22,000 arose in 2002 and the balance in 2003.

You are required to show the Royalties Account;

Short workings Account and Naresh's Account in

the books of Pawan for all the above 6 years. 3,6,6=15