

2051  
Bachelor of Commerce  
First Semester  
BCM-105: Principle of Financial Accounting

Time allowed: 3 Hours

Max. Marks: 80

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

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 year was as follows:

Year	output (tonne)
2014	10,000
2015	18,000
2016	25,000
2017	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
Goods in transit (closing)	1800
Expense paid by H.O.	5200

(4x5)  
P.T.O.

(2)

**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 31.03.2020, 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 ₹ 8000
- (2) Further bad debts are ₹ 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) ₹ 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';

Stock at branch (1-4-2019) (invoice price)	7500
Branch debtors (1-4-2019)	13100
Goods from head office (invoice price)	50400
Cash sales	16750
Total sales	50750

(3)

Branch debtors(31-3-2020)	16550
Stock at branch (31-3-2020)	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 vanaspathi 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, 2018 . They contributed ₹ 30,000 and ₹ 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, 2019 ₹ 30,000 (profit) (Before charging interest on Capital)  
Year ending March 31, 2020 ₹ 22,000 (profit) (Before charging interest on Capital)  
They decided to dissolve the partnership on March 31, 2020. Partners drawings were ₹ 4,000 each p.a. Creditors were ₹ 16,400 on the date of dissolution. Assets of the firm realised ₹ 75,000 at an expense of ₹ 550. Partners capital to carry interest @10% p.a. Prepare necessary accounts to close the books of the partnership business.

(4x15)

