DEPARTMENT OF MANAGEMENT
SCHOOL OF MANAGEMENT &BUSINESS STUDIES
JAMIA HAMDARD

Odd Semester Examination (Online) April 2021
B.Com (Hons) [FIRST SEM]

Subject Name: Financial Accounting
Subject Code: BCH105

MM: 75 Marks
Time: 03Hours

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Answer all questions. Each carries equal marks.

Q1. Identify the Accounting concepts in the following cases and explain them in detail. (5 × 3= 15 marks)

(i) Using 'lower of cost and net realizable value' for the purpose of inventory valuation is the implementation of which accounting concept?

(ii) A company sold goods worth Rs. 50,000 to a customer in the month of March. The credit policy of the firm allows the customer to pay in 30 days. The firm showed the sale in the Income statement for the year ending on 31st March even when cash was not received by the customer owing to which accounting concept?

(iii) Accounting does not record non-financial transactions even when they are of significance to the business following which accounting concept?

(iv) Proprietor (owner) is treated as a creditor of the business and the cash withdrawn by him is treated as Drawings due to which accounting concept?

(v) The Profit and Loss account is prepared for a period of one year even when it is claimed that the business will continue its operations for an indefinite long period of time due to which accounting concept?

Q2. Journalize the following transactions, post to the Ledger and prepare a Trial Balance to check its arithmetical accuracy. (15 marks)

Date (2020)	Particulars	Amount (Rs.)
Jan 1	Commenced business with cash Rs. 5,00,000; Stock Rs. 70,000; Debtors: Rajeev Rs. 40,000, Saurav Rs. 50,000; Creditors: Sachin Rs. 65,000 Vikas Rs. 10,000 Expenses payable Rs. 15,000	
Jan 5	Deposited into bank	1,20,000
Jan 6	Bought goods for cash	40,000
Jan 8	Sold goods to Saurav on credit	30,000
Jan 15	Bought goods from Sachin in cash	50,000
Jan 17	Received cash from Saurav in full settlement Discount allowed Rs. 2,000	
Jan 20	Withdrew cash for personal use	15,000
Jan 21	Settled Vikas account in cash Discount received Rs. 500	
Jan 23	Cash sales	1,00,000

Jan 25	Paid rent by cheque	15,000
Jan 27	Paid for stationery in cash	5,000
Jan 30	Paid salaries	25,000

Q3. A machinery was purchased on 01.07.2018 for Rs.58,000 and Rs.1,050 and Rs. 950 were spent on its repairs and installations respectively. On 01.01.2019 another machinery was purchased for Rs.35,000. On 01.01.2020 the first machinery having become obsolete was disposed off for Rs 40,000 and on the same day a new machine was purchased for Rs.10,000. On 31.03.2020 the second machine auctioned for Rs.32, 000. Depreciation is charged on machine at the rate of 10% p.a. by Fixed Instalment method on December 31st every year. You are required to prepare Machinery A/c for three years upto 31st December 2020. (15 marks)

Q4. Madhav's books show the following balances. You are asked to prepare his Trading and Profit and Loss A/c and Balance Sheet for the year ending 31st December 2019 from the following information: (15 marks)

Dr. Balances:	Rs.	Dr. Balances (Contd.)	Rs.
Stock	12,000	Office Expenses	950
Purchases	25,500	Interest	250
Carriage Inward	650	Bills Receivable	2,800
Carriage Outward	800	Legal Charges	1,700
Wages	4,700	Plant and Machinery	14,000
Motive Power	4,500	Tools	5,000
Lighting	600		
Printing and Stationery	2,600	**Cr. Balances**	**Rs.**
		Sales	38,500
Sundry Debtors	24,000	Reserve Fund	1,200
Furniture and Fixtures	6,000	Loan	10,000
		Capital A/c	65,650
Investments	5,000	Discount	750
Freehold Premises	12,000	Sundry Creditors	7,600
Travelling Expenses	650		

Adjustments:

i. Outstanding for Power was Rs.500 and for Lighting Rs.400.
ii. Stock in hand was Rs.15,000.
iii. On 01.01.2019 goods damaged in the flood Rs.1,000 and Machine damaged by Rs.4,000.
iv. Depreciate Furniture and Fixtures at the rate of 10% and Plant & Machine by 20%.

Q5. (a) What is a Partnership Deed? Elaborate the Contents of the Partnership Deed from the accounting aspects of partnership. (5 Marks)

(b) Elaborate and justify the following cases with reasons. (5 × 2= 10 marks)

(i) Sameer and Imran are partners in a firm with capitals of Rs. 6,00,000 and Rs. 7,00,000 respectively. They do not have a partnership deed. Imran wants to share the profits in the ratio of capitals. State with reason whether the claim is valid.

(ii) Amir and Akbar are partners in a firm without a partnership deed. Amir's capital is Rs. 80,000 and Akbar's capital is Rs. 1,00,000. Amir has also advanced a loan of Rs. 15,000 and claim interest @ 12% p.a. State whether his claim is valid or not.

(iii) A, B and C are partners in a firm. A withdrew Rs. 5,000 in the beginning of each month of the year. Calculate interest on A's drawing @ 6% p.a.

(iv) A, B and C are partners in a firm. B withdrew Rs. 2,500 at the end of each month of the year. Calculate interest on B's drawings @ 6% p.a.

(v) X, Y and Z entered into a partnership for online education provider business on 1st April, 2018. X looked after the website development, Y content development and Z financed the project. At the end of the year (31st March, 2019), X wanted a salary of Rs. 25,000 per month for the additional work he did. The other partners were not inclined to this. How would you reduce this within the ambit of the Indian Partnership Act, 1932?