SET- 2

INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE AND ECONOMICS - BCOM

Backlog Examination (2025 Pattern) April/ May – 2026 - Semester – I

Subject Name: Financial Accounting-I **Max. Marks: 50**
Subject Code: 25COM101T **Time: 2:30 Hrs**

Instructions

- *Question 1 and 6 are compulsory.*
- *Attempt any 3 from Q2, Q3, Q4 and Q5*
- *Figures to the right indicate full marks*
- *Usage of simple calculators are allowed*

CO	Cognitive Ability	Course Outcome
CO1	**Remember**	Understand the basic concepts of Financial Accounting.
CO2	**Understand**	Grasp the advanced concepts of Financial Accounting.
CO5	**Evaluate**	Evaluate the accounting treatment and financial implications of amalgamation of partnership firms, conversion of partnership firms into companies, royalty transactions and hire purchase agreements by analyzing relevant adjustments and preparing appropriate ledger accounts.
CO6	**Create**	Independently record financial transactions related to Partnership Accounts, AS, Ind AS, Lease, Hire Purchase, and Royalty.

Q:1	**Fill in the blanks** **(6 Marks)** a) On amalgamation of firms, any loss in liabilities will be ________ to Revaluation Account. b) On amalgamation, when assets are sold and books of accounts are closed, a ________ Account is operated for accounting purposes. c) Larger capital requirement to facilitate business expansion may be the important objective of ________ of a firm. d) A ________ lease transfers substantially all the risks and rewards incident to the ownership of an asset. e) Royalty payable on an output basis is debited to ________ Account. f) When the royalty payable works out to be less than the minimum rent, the difference is called as ________.	CO1
Q:2	A & B were partners sharing profits and losses in the ratio of **75% : 25%** and C & D were partners sharing profits and losses in the ratio of **50% : 50%**. Following were their Balance Sheets as on 31st March, 2024: **(12 Marks)**	CO5 and 6

Balance Sheet as on 31st March, 2024

Liabilities	A & B (₹)	C & D (₹)	Assets	A & B (₹)	C & D (₹)
Sundry Creditors	60,000	30,000	Sundry Debtors	30,000	25,000
Bills Payable	20,000	16,000	Bills Receivable	25,000	1,000
Capital Accounts:			Machinery	50,000	35,000
A	50,000	-	Land	40,000	10,000
B	50,000	-	Furniture	6,000	10,000
C	-	27,000	Stock	15,000	9,000
D	-	27,000	Bank Balance	4,000	3,000
			Loose Tools	10,000	7,000
Total	**1,80,000**	**1,00,000**	**Total**	**1,80,000**	**1,00,000**

Terms of Amalgamation

i) Land of A & B was appreciated by 20%, but Machinery of both the firms was depreciated by 10%.

ii) Loose Tools of A & B were revalued at ₹ 8,000 and that of C & D at ₹ 10,000.

iii) A Reserve of 5% on Sundry Debtors was necessary for Bad and Doubtful Debts of both firms.

iv) Sundry Creditors of both the firms were taken over by the firm at a discount of 2%.

v) Furniture of both firms were taken at 5% depreciation.

Prepare Necessary Ledger accounts in the books of each old firm as per revaluation method and amalgamated balance sheet as on 1st April 2024 in the books of new firm.

Q:3 A, B & C were partners sharing profits and losses in the ratio of **2 : 2 : 1**. Their Balance Sheet as on **31st March, 2024** was as follows: **(12 Marks)** CO5 and 6

Balance Sheet as on 31st March, 2024

Liabilities	₹	Assets	₹
Sundry Creditors	12,000	Buildings	15,000
Bills Payable	750	Plant and Machinery	9,000
General Reserve	3,000	Motor Van	6,000
Capital Accounts:		Furniture	1,250
A	15,000	Stock	2,350
B	14,000	Sundry Debtors	13,000
C	8,500	Investments	3,000
		Cash at Bank	3,650
Total	**53,250**	**Total**	**53,250**

X Ltd. agreed to take over the following assets at the values shown below:

Asset	Agreed Value (₹)
Buildings	16,000
Plant and Machinery	8,250
Furniture	1,000
Stock	3,900
Goodwill	2,000
Sundry Debtors	Subject to 5% R.D.D.

The company also agreed to take over Sundry Creditors at ₹ 11,000.

	Purchase consideration was paid by the company by issuing sufficient number of Equity Shares of ₹ 100 each fully paid at par. The firm sold Investments for ₹ 4,000 and paid off Bills Payable fully. Motor Van was taken over by Partner A at book value. The firm paid Realisation Expenses of ₹ 400. **Prepare necessary ledger accounts in the books of M/s AB&C and balance sheet of X ltd. as on 1/4/2024.**	
Q:4	X Ltd. purchased heavy machinery from Y Ltd. on Hire Purchase System and paid ₹ 1,00,000 against delivery on 1st January, 2021. They paid the following instalments including interest @ 10% p.a. on cash price. **(12 Marks)**	CO5 and 6

Date	**Amount (₹)**
31st December, 2021	1,30,000
31st December, 2022	1,20,000
31st December, 2023	1,10,000

X Ltd. charged depreciation on machinery @ 20% p.a. under original cost method. Cash price of machinery amounted to ₹ 4,00,000.

You are required to:

i) Prepare Machinery Account for the first two years.

ii) Prepare Y Ltd. Account for all three years in the books of X Ltd.

Q:5	A Ltd. took from B Ltd. a lease of coal field for a period of 15 years from 1st January, 2020 on a royalty of ₹ 3 per tonne of coal extracted, with a dead rent of ₹ 8,000 for the first year with an annual increase of ₹ 1,000 in every subsequent year, with a right to recoup shortworkings out of the royalties for the next two years. The company closes its books of accounts on 31st December every year. The output in the first five years of the lease was as follows: **(12 Marks)**	CO5 and 6

Year	**Output (Tonnes)**
2020	NIL
2021	1,000
2022	3,000
2023	6,000
2024	8,000

Pass Journal Entries for all the transactions relating to royalties for the five years in the books of A Ltd. i.e. Lessee only.

Q:6	**Short Notes (Attempt any 2 out of 3)** **(8 Marks)** a) Explain the importance of Amalgamation of Partnership firms. b) Outline the purpose of Realization account in Conversion of Partnership firm to company. **c)** Explain Hire Purchase System.	CO2

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