

INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE AND ECONOMICS- B.COM

Term End Examination (2025 Pattern) December – 2025 - Semester – I

Subject Name: Financial Accounting-I
Subject Code: 25COM101T

Max. Marks: 50
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.

Q1.	<p>Fill in the blanks (6 Marks)</p> <ol style="list-style-type: none"> 1. Amalgamation of Partnership Firm is based on the concept of _____. 2. For amalgamating the firms, the _____ of all the partners are necessary. 3. In case of _____, two partnership firms may merge with one another and form a new partnership firm. 4. The accounting treatment of a sale and leaseback transaction depends upon the type of _____ involved. 5. Usually fixation of minimum rent is in the interest of the _____. 6. Minimum Rent (-) Royalties Payable = _____. 	CO1
Q:2	<p>A & B were partners sharing profit and losses in the ratio of 3 : 2 and C & D were partners sharing profit and losses equally. Following were their Balance Sheet as on 31st March, 2024. (12 Marks)</p>	CO5 and CO6

Balance Sheet as on 31st March, 2024

Liabilities	A & B (₹)	C & D (₹)	Assets	A & B (₹)	C & D (₹)
Creditors	10,000	15,000	Machinery	20,000	27,000
Bills Payable	4,000	5,000	Furniture	12,000	9,000
Ms. B's Loan	10,000	–	Stock	20,000	24,000
Ms. D's Loan	–	10,000	Debtors	19,000	17,000
Outstanding Salary	2,000	1,500	Fixtures	1,600	1,200
Capital Accounts:			Cash	3,400	3,300
A	30,000	–			
B	20,000	–			
C	–	25,000			
D	–	25,000			
Total	76,000	81,500	Total	76,000	81,500

Terms of Amalgamation

- i) Mr. B agreed to pay Ms. B's Loan and Mr. D agreed to pay Ms. D's Loan.
- ii) Outstanding salary was paid in full by the respective firms.
- iii) Creditors of both the firms were taken by the new firm at a discount of 5%.
- iv) Machinery is subject to 5% depreciation of both firms.
- v) Furniture of C & D was sold in the market for ₹ 8,000 and Furniture of A & B was not taken over by the new firm.
- vi) Fixtures were not taken over by the new firm.
- vii) Stock of A & B was valued at ₹ 22,100 and Stock of C & D was valued at ₹ 21,000.

Prepare Profit & Loss Adjustment Account, Cash Account, Partners' Capital Accounts and New Firm's Account of both the firms and Balance Sheet after amalgamation as on 1st April, 2024.

Q:3

A, B & C were partners sharing profits and losses in the ratio of 4 : 3 : 1 respectively.

Their Balance Sheet as on 31st March, 2024 was as follows. (12 Marks)

Liabilities	₹	Assets	₹
Capital Accounts:		Land	18,000
A	18,000	Machinery	12,000
B	13,500	Debtors	15,000
C	12,500	Stock in Trade	13,000
Reserve	4,000	Cash	2,000
Creditors	12,000		
Total	60,000	Total	60,000

M/s A, B & C decided to sell their business on the above date to D Ltd.

The lump sum amount of Purchase Consideration was fixed at ₹ 63,000 for the purchase of assets and liabilities of the firm at the valuation mentioned below:

Assets and Liabilities (Valuation Agreed Upon)

Asset / Liability	₹
Land	22,000
Machinery	11,000
Debtors	14,000
Stock	12,000
Goodwill	4,000
Liabilities	NIL

**CO5
and
CO6**

	<p>Mode of Discharge of Purchase Consideration</p> <ul style="list-style-type: none"> • Land and Machinery (₹ 33,000) was paid by D Ltd. in its Equity Shares of ₹10 each • Debtors and Goodwill (₹ 18,000) were paid by issue of 6% Debentures of D Ltd. • Stock (₹ 12,000) was paid in Cash • Creditors were paid off at a discount of 2½% • Expenses of Conversion = ₹ 500, paid by the firm. • 6% Debentures issued were realized at par value. <p>Prepare Necessary ledger accounts to close the books of the firm and Balance sheet of D Ltd. As on 1/4/2024</p>											
Q:4	<p style="text-align: right;">(12 Marks)</p> <p>Rose Ltd. purchased Furniture from Royal Furniture on Hire Purchase Basis paying ₹ 10,000 down and three instalments of ₹ 13,000, ₹ 12,000 and ₹ 15,000 payable at the end of first, second and third year respectively. The cash price of the Furniture is ₹ 40,000. Interest is charged at 10% p.a. by the Royal Furnitures whereas depreciation is charged @ 20% p.a. as per Original Cost Method. You are required to prepare Furniture Account and Royal Furnitures Account in the books of Hire Purchaser – Rose Ltd.</p>	CO5 and CO6										
Q:5	<p style="text-align: right;">(12 Marks)</p> <p>A Ltd. leased a colliery from B Ltd. on 1st January, 2020 for a period of ten years at a royalty of ₹ 1.40 per ton. The minimum rent was fixed at ₹ 8,000 for 2020, ₹ 12,000 for 2021 and ₹ 16,000 per annum thereafter. Shortcomings of any particular year could be recovered out of the royalties of the next two years only. The actual royalties for the period were as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Royalties (₹)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>4,000</td> </tr> <tr> <td>2021</td> <td>9,000</td> </tr> <tr> <td>2022</td> <td>12,000</td> </tr> <tr> <td>2023</td> <td>18,000</td> </tr> </tbody> </table> <p>Pass the necessary Journal Entries in the books of A Ltd. i.e. Lessee only.</p>	Year	Royalties (₹)	2020	4,000	2021	9,000	2022	12,000	2023	18,000	CO5 and CO6
Year	Royalties (₹)											
2020	4,000											
2021	9,000											
2022	12,000											
2023	18,000											
Q:6	<p>Short Notes (Attempt any 2 out of 3) (8 Marks)</p> <p>a) Explain Amalgamation of Partnership firms.</p> <p>b) Compare between finance lease and operating lease.</p> <p>c) Explain minimum rent or dead rent.</p>	CO 2										
