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SHREE DAMODAR COLLEGE OF COMMERCE & ECONOMICS, MARGAO-GOA

FYB.COM, SEM II, SUPPLEMENTARY EXAMINATION, MAY/JUNE 2015

FINANCIAL ACCOUNTING (new course)

Duration: 2 HOURS   Total Marks: 80

Instructions

a) *Figures to the right indicate full marks.*
b) *Start each new question on afresh page.*
c) *Question No. 1 is compulsory.*
d) *Answer any 3 questions from Question no. 2 to Question no 6.*

Q.1 Prepare a stores ledger Account showing the receipts and issues, pricing the materials issued on the basis of both weighted Average and First in First out Method (FIFO). **(20 Marks)**

Receipts

2007

October 1 Opening stock 200 units at Rs 3.50 per unit.

October 3 Purchased 300 units at Rs 4.00 per unit.

October 13 Purchased 900 units at Rs 4.30 per unit.

October 23 Purchased 600 units at Rs 3.80 per unit.

Issues

October 5 Issued 400 units.

October 15 Issued 600 units.

October 25 Issued 600 units.

Q.2 Amar , Akbar, Anthony were in partnership till 31.3.2008; when their Balance sheet was as follows. They shared Profits and losses in the ratio of 3:2:1 respectively. **(20 Marks)**

BALANCE SHEET

Liabilities	Amount	Assets	Amount
Sundry Creditors	8,000	Plant & Machinery	1,00,000
Bank Overdraft(against pledge of stock)	35,000	Stock	37,500
Akbar Loan	25,000	Sundry Debtors	62,500
General Reserve	7,500	Cash	2,500

Capital Account Amar 77,000 Akbar 25,000 Anthony 25,000	1,27,000		
	2,02,500		**2,02,500**

Bankers could realize only Rs 34,000 on sale of pledged stock. Other assets realized as follows :

May 2008 Plant & Machinery realized Rs 87,500 after meeting brokerage Rs 2500.
June 2008 Debtors realized Rs 37,500.
July 2008 Debtors realized Rs 7,500.

The remaining debtors were taken over for Rs 2,500 by Anthony who contributed the said amount in cash.
A sum of Rs 1,250 was kept reserved for meeting realization expenses and actual expense of Rs 1,000 were met finally on 15th July 2008. A creditor for Rs 4,000 agreed to forego Rs 1,000 while claim of an unrecorded creditor for Rs 500 had to be admitted.

The partners decide to distribute cash as and when realized. You are required to show distribution of cash on the basis of Maximum loss method.

Q.3 Pankaj Ltd has a head office and many retail Branches which are supplied goods from the head office at 20 % profit on sale price. Accounts are kept at head office from where all expenses (except petty expenses) are paid such petty expenses are paid by the branches which are allowed to maintain petty cash balance of Rs 9,200 on Imprest system.
20 Marks

Prepare Branch Account from the following information

Particulars	Amount
Balances on 1.1.2007	
Petty cash at Branch	9,200
Stock at Branch at Sales Price	2,00,000
Sundry Debtors at Branch	96,000
Sundry Creditors at Branch	44,800
Furniture at Branch	1,12,000
Rent Prepaid (up to 31.3.2007)	5,200
Transaction during the year ended 31.12.2007	
Goods sent to Branch less returns	16,16,000
Cash sales at Branch	23,20,000
Credit Sales at Branch	3,80,000
Allowances to Debtors	6,000
Cash from Debtors	3,20,000

Bad debts written off Cash purchases by the Branch Credit purchases Creditors at the end	4,800 1,62,000 3,99,200 92,000
Payments made by the Head office: Rent for one year (paid on 1.4.2007) Salaries Insurance paid for the year ending 31.3.2008	 11,200 48,000 3,840
Payments made by the Branch: Petty expenses	 1,920
Balance on 31.12.2007: Stock at sale Price	 1,50,000

Write off 10% depreciation on furniture.

Q4. From the following trial Balance prepare Departmental Trading and Profit & loss Account for the year ended 31st March 2008 as on that date: **(20 Marks)**

Particulars	**Debit**	**Credit**
Stock (1.4.2007): Dept X Dept Y	 5,400 4,900	
Purchases : Dept X Dept Y	 9,800 7,350	
Sales: Dept X Dept Y		 16,900 13,520
Wages Dept X Dept Y	 1,340 240	
Rent	1,870	
Salaries	1,320	
Lighting & Heating	420	
Discount allowed	441	
Discount received		133
Advertising	738	
Carriage Inward	469	
Furniture	600	
Plant & Machinery	4,200	
Debtors	1,820	
Creditors		3,737
Capital		9,530
Drawings	900	
Cash	32	
Bank	1980	
Total	**43,820**	**43,820**

a) Rent and lighting and Heating are to be allocated between factory and office in the ratio of 3:2.

b) Rent, Lighting and Heating, salaries, Depreciation are to be apportioned to X and Y as 2:1.

c) Other expenses and incomes are to apportioned to X and Y o suitable basis .

d) Following adjustments are to be made
Rent pre paid Rs 370, Lighting and Heating outstanding Rs 180, Depreciation of furniture and Plant and Machinery at 10 % per annum.

e) Stock on 31st March 2008
X : Rs 2,748; Y : 2,401.

Q. 5 On 30th September 2008 the stock of DFC Ltd was lost in a fire accident. From the available records the following information is made available to you to enable you to prepare a statement of claim on the insurer **(20 Marks)**

Stock at cost 1.4.2007	75,000
Stock at cost on 31.3.2008	1,04,000
Purchases less returns for the year ended 31.3.2008	5,07,500
Sales less returns for the year ended 31.3.2008	6,30,000
Purchases less returns up to 30.9.2008	2,90,000
Sales less returns up to 30.9.2008	3,68,100

In valuing the stock on 31st March 2008 due to obsolescence 50% of the value of the stock which originally cost Rs 12,000 and had been written off. In May 2008 three-fourth of this stock had been sold at 90% of original cost and it is now expected that the balance of the obsolete stock would also realize the same price. Subject to the above .Gross Profit had remained uniform throughout.

Stock to the value of Rs 14,400 was salvaged .

Q6.Answer **any four** of the following. **(4 X 5=20marks)**

a) Differentiate between First in First out Method and Weighted Average Method in inventory valuation.

b) What are Abnormal Goods? What is the accounting treatment when they are included in opening stock?

c) State any five advantages of First in First out Method (FIFO).

d) State any five objectives of Branch Accounting.

e) What is the procedure in claim for loss of stock in case when proper stock records are maintained and such records are not destroyed by fire?

f) Differentiate between Branch Accounting and Departmental Accounting

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