

Shree Damodar College of Commerce & Economics, Margao- Goa
F. Y. B.COM Semester II, End Semester Examination, April, 2015

FINANCIAL ACCOUNTING

Time: 2 Hours

Max. Marks: 80

- Instructions:** 1) Question No. 1 is compulsory.
 2) Answer any Three from the rest.
 3) Figures to the right indicate marks allotted.

1. P, Q and R were partners sharing profits and losses in the proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$ Respectively they decided to dissolve the firm on 31/12/2013 when their Balance sheet was as under:- **(20 Marks)**

Liabilities	Amt	Assets	Amt
Sundry creditors	10,000	Cash at Bank	8,000
Bank Loan (Secured by Stock)		Drs	15,000
P's Capital	20,000	Stock	25,000
Q'S Capital	40,000	Furniture	16,000
R's Capital	35,000	Building	66,000
	25,000		
	1,30,000		1,30,000

- a) Bank could realize only Rs. 15,000 on disposal of stock.
 b) An amount of Rs.2,000 was spent on repairs of furniture for getting a better price.
 c) Other assets were realized as under:-
 Jan 2014 = 18,000
 Feb 2014 = 15,000
 Mar 2014 = 12,000
 April 2014 = 18,000

Show the distribution of cash under proportionate capital method.

2. Mr. Anand is the proprietor of a retail business which has two main departments which sell hardware and electrical goods on 31/12/2014. The balances in the books of the business were as follows: **(20 Marks)**

Particulars	Dr (Rs)	Cr. (Rs)
Capital		71000
Sales-Hardware		59000
Electrical		29500
Purchases -Hardware	20000	
Electrical	10000	
Stock on 1-1-2014-Hardware	2320	
Electrical	2136	
Salaries -Hardware	20650	
Electrical	15440	
Advertising	615	
Discount allowed-Hardware	400	
Electrical	200	

Drawings	3000	
Building (cost)	43000	
Equipments at W.D.V.-Hardware	18000	
Electrical	7000	
Debtors & Creditors	10200	5319
Bank	5600	
Rent & Rates	1580	
Canteen Changes	875	
Heating & Lighting	880	
Insurance of stock	940 850	
General Administrative expenses	2073	
	164819	164819

Additional Information:

- On 31-12-2014 the following amounts were outstanding:
Salaries-Hardware Rs.250, Electrical Rs.170, Heating & Lighting Rs.20.
- The general administrative expenses and the rent & rates include prepayments of Rs.33 and Rs.80 respectively.
- Stocks on 31-12-2014 were hardware Rs.2800 & Electrical Rs.2450
- Depreciation is to be provided on equipment at 10% on W.D.V.
- The managers of the hardware and electrical departments are to be paid a commission of 5% of the net profits (prior to the commission payments) of the respective departments.
- In apportioning the various expenses between the two departments due regard is to be given to the following information: •

	No. of workers	Average Stock levels(Rs.)	Floor Area (Sq.FA)
Hardware	9	2500	4000
Electrical	6	2200	2000

- The general administrative expenses are primarily incurred in relation to the processing of purchases and sales invoices.
Prepare a Department Trading & P&L A/C and the Balance sheet.

- From the following details regarding East Coast Branch of Vizag Trading Co., prepare a Branch Account in respect of the year 2014. (20 Marks)

Particulars	Amt (Rs)
Stock on 1/1/2014	12000
Stock on 31/12/2014	9600
Debtors on 1/1/2014	10000
Debtors on 31/12/2014	11500
Goods sent to branch during 2014	42000
Cash Sales	25800
Credit Sales	36000
Normal Loss	2000
Returns to head office	4800
Bad debts	600
Discount allowed	310
Returns from customers	3000
Expenses paid by head office	
Salaries & Wages	8400
Rent (1/1/2014 to 31/3/2015)	5250
Sundry expenses	3600

4. Following purchases and sales have been extracted from the books of Sunrise and Co. Calculate inventory value under Weighted Average method for the month of August 2010. (20 Marks)

1-8-2010 opening balance 400 units @ Rs.3.50

Receipts:

2-8-2010	200	units	@ Rs.9.50
4-8-2010	600	units	@ Rs.8.50
8-8-2010	700	units	@ Rs.6.50
15-8-2010	500	units	@ Rs.5.75
23-8-2010	300	units	@ Rs.4.75
31-8-2010	Refund of surplus of 20 units from those issued on 25 August 2010		

Issues:

5-8-2010	800	units
10-8-2010	600	units
18-8-2010	300	units
25-8-2010	200	units

5. A fire destroyed the godown of X Ltd. on 9th March 2014, destroying the entire stock. The books of account were salvaged from which the following particulars were (20 Marks)

Particulars	Rs
Sales for the year 2013	10,01,000
Sales for the period 1/1/2014 to 8/3/2014	3,00,000
Purchases for the year, 2013	8,00,000
Purchases for the period 1/1/2014 to 8/3/2014	1,25,000
Stock on 1/1/2013	3,31,100
Stock on 31/12/2013	3,85,000

The company has been following the practice of valuing the stock of goods at actual cost plus 10%. Included in the stock on 1/1/2013 were some shop-soiled goods which originally cost Rs.2,000 but were valued at Rs. 1,100. These goods were sold during the year 2013 for Rs. 2,000, but were valued at Rs. 1,100. These goods were sold during the year 2013 for Rs. 1,000. Subject to these, the rate of Gross Profit and the basis of valuation of stock was uniform.

You are required to ascertain the value of the Stock destroyed.

6. Write short note on Any Four of the following: (20 Marks)
- Stock and Debtors System
 - Continuous Inventory System
 - Maximum Loss Method
 - FIFO Method of inventory valuation
 - Garner V/S Murray Rule
 - Basis of allocation of Departmental expenses