

Vidya Vikas Mandal's  
Shree Damodar College of Commerce and Economics Margao-Goa  
F.Y.BCOM SEM II, SEMESTER END EXAMINATION, APRIL 2017  
**FINANCIAL ACCOUNTING II**

**Duration: 2 hours**

**Max. Marks: 80**

**Instructions:**

- Figures to the right indicate maximum marks.
- **Q1** is compulsory
- Answer **Any Three** from Q2 to Q6.

**Q1.** Tom, Dick and Harry were partner's sharing profits and losses in the proportion of 3:2:1. They decided to dissolve the firm on 31<sup>st</sup> December 2016 when their balance sheet was as follows:

Liabilities	(Rs)	Assets	(Rs)
Capitals:		Goodwill	10,000
Tom                      24,000		Cash	2,000
Dick                     26,000		Other Assets	76,000
Harry <u>18,000</u>	68,000		
General Reserve	12,000		
Creditors	8,000		
	<u>88,000</u>		<u>88,000</u>

The dissolution expenses were originally provided for Rs 6,000 but actual expenses incurred were Rs 1,000. Assets realized were as follows:

- 1<sup>st</sup> Realization: 9,000  
 2<sup>nd</sup> Realization: 30,000  
 3<sup>rd</sup> Realization: 20,000  
 4<sup>th</sup> Realization: 10,000

Prepare a statement showing the distribution of cash using Maximum Loss method. **(20 Marks)**

**Q2.** From the following Trial Balance of Sultan Ltd, prepare Departmental Trading and Profit and Loss Account for the year ending 31<sup>st</sup> March 2016 and Balance Sheet as at that date.

Particulars	Dr	Cr
<b>Stock at 1<sup>st</sup> April 2015 :</b>		
Department X	27,000	
Department Y	24,500	
<b>Purchases:</b>		
Department X	45,400	
Department Y	40,200	
<b>Sales:</b>		
Department X		80,800
Department Y		71,250
<b>Wages:</b>		
Department X	6,700	
Department Y	1,200	
Rent, Rates, Taxes and Insurance	9,390	
Sundry Expenses	3,600	
Salaries	3,000	
Lighting and Heating	2,100	
Discount Allowed	2,220	
Discount Received		650
Advertising	3,680	
Carriage Inward	2,340	
Furniture	3,000	
Machinery	21,000	
Sundry Debtors	9,060	
Sundry Creditors		18,600
Capital		47,660
Drawings	4,500	
Cash at Bank	9,900	
Cash in Hand	170	
	<b>2,18,960</b>	<b>2,18,960</b>

The following further information is available:

1. Transfer of goods from Dept. X to Dept. Y Rs 420
2. Rent, Rates, Taxes and Insurance, Sundry Expenses, Lighting and Heating, Salaries and Carriage Inward are to be apportioned to Dept X and Dept Y as 2:1
3. Advertising is to be apportioned equally
4. Discounts are to be apportioned on the basis of Departmental Sales and Purchases (excluding transfers)
5. Depreciation at 10% p.a. on Furniture and Machinery and it is to be charged to Dept X and Dept Y as 2:1
6. Stock on 31<sup>st</sup> March 2016 in Dept X was worth Rs. 13,740 and in Dept Y Rs. 12,050.

**(20 Marks)**



**Q3.** Neo Limited with headquarters at Mumbai maintains a branch at Goa. Goods are invoiced at cost plus 25%. In respect of Goa branch, the following information pertaining to the year ended 31<sup>st</sup> March, 2013 are made available to you.

Particulars	(Rs)
Goods sent to Branch (at Invoice price)	6,75,000
Goods returned by branch during the year (at Invoice price)	24,000
Cash Sales	1,85,000
Discount Allowed to customers	2,500
Amount received from branch debtors	3,25,000
Cheques of customers which got dishonored	8,000
Branch expenses met in cash	72,500
Sales return at Goa branch	10,000
Bad debts	5,500

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Branch Debtors	1,05,000	50,000
Stock at Branch (at Invoice price)	2,36,000	1,50,000

Adopting the Stock and Debtors system you are required to prepare the following ledger accounts as appearing in the books of the Head Office.

- Goa Branch Debtors account
- Goa Branch Adjustment account
- Goa Branch Profit and loss account
- Goa Branch Stock account

**(20 Marks)**

**Q4.** Following are the details regarding the receipts and issues of material X in respect of a firm.

	Date	Particulars
Receipts:	Oct 1	Balance 50 units @ Rs 4 per unit
	Oct 5	Purchased 40 units @ 3 per unit
	Oct 8	Purchased 30 units @ 4 per unit
	Oct 15	Purchased 20 units @ 5 per unit
	Oct 26	Purchased 40 units @ 3 per unit
Issues:	Oct 10	Issued 70 units
	Oct 12	Issued 10 units
	Oct 20	Issued 20 units
	Oct 24	Issued 10 units
	Oct 31	Shortage of 5 units

The firm follows the perpetual inventory system for maintaining its stores records. You are required to calculate the value of inventory on Oct 31<sup>st</sup> according to

- i) FIFO Method and
- ii) Weighted Average Method

**(20 Marks)**

**Q5.** On 20<sup>th</sup> July 2007, the godown and the business premises of a merchant were affected by fire. From the accounting records salvaged, the following information is made available to you.

Particulars	(Rs)
Stock of goods on 1 <sup>st</sup> April 2006	1,00,000
Stock of goods at 10% lower than cost as on 31 <sup>st</sup> March 2007	1,08,000
Purchase of goods for the year from 1 <sup>st</sup> April 2006 to 31 <sup>st</sup> March 2007	4,20,000
Sales for the above period	6,00,000
Purchases from 1 <sup>st</sup> April 2007 to 20 <sup>th</sup> July 2007	1,40,000
Sales for the above period	3,10,000

Sales up to 20<sup>th</sup> July 2007 included Rs. 40,000 for which goods had not been dispatched. Purchases up to 20<sup>th</sup> July did not include Rs. 20,000 for which purchase invoices had not been received from suppliers, though goods have been received at the godown.

Goods salvaged from the accident were worth Rs. 12,000 and these were handed over to the insured. Ascertain the value of the claim.

**(20 Marks)**

**Q6.** Write **Short notes** on the following: **(Any Four)**

**(4x5=20 Marks)**

- a) Piecemeal Distribution
- b) Branch Accounting
- c) Weighted Average Method
- d) Garner v/s Murray rule
- e) Stock and Debtors system
- f) Loss of stock policy