

Vidya Vikas Mandal's
 Shree Damodar College of Commerce and Economics Margao-Goa
 F.Y.BCOM SEM II, SEMESTER END EXAMINATION, April 2018 (old course)
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. Hill, Stone and Rock were carrying on a business decided to dissolve it on 31-12-2016. They were sharing profits and losses equally. The following was their balance sheet on that date:

Liabilities	(Rs)	Assets	(Rs)
Capital:		Fixed Assets	1,00,000
Hill 80,000		Current Assets	84,000
Stone 20,000		Bank	20,000
Rock <u>40,000</u>	1,40,000		
General Reserve	24,000		
Creditors	25,000		
Bills Payable	15,000		
	<u>2,04,000</u>		<u>2,04,000</u>

The assets were realized piecemeal as follows and it was agreed that cash should be distributed as and when realized.

First realization Rs. 58,000

Second realization Rs. 1, 30,000

Realization expenses were estimated as Rs. 4,000 but actually came to Rs.3,100.

Prepare the statement showing piecemeal distribution of cash under Excess Capital Method. **(20 Marks)**

Q2. From the following Trial Balance of Lucky stores Ltd, prepare Departmental Trading and Profit and Loss Account for the year ending 31st March 2016 and Balance Sheet as at that date.

Particulars		Rs (in '000)
Stock at 1st April 2015 :	Department A	1,700
	Department B	1,450
Purchases:	Department A	3,540
	Department B	3,020
Sales:	Department A	6,080
	Department B	5,125
Wages:	Department A	820
	Department B	270
Rent, Rates, Taxes and Insurance		939
Sundry Expenses		360
Salaries		300
Lighting and Heating		210
Discount Allowed		222
Discount Received		65
Advertising		368
Carriage Inward		234
Furniture		300
Machinery		2,100
Sundry Debtors		606
Sundry Creditors		1,860
Capital		4,766
Drawings		450
Cash at Bank		1,007

The following further information is available:

1. Internal transfer of goods from Dept. A to Dept. B Rs 42,000
2. The items Rent, Rates, Taxes and Insurance, Sundry Expenses, Lighting and Heating, Salaries and Carriage Inward are to be apportioned $\frac{2}{3}$ rd to Dept A and $\frac{1}{3}$ rd to Dept B
3. Advertising is to be apportioned equally
4. Discounts allowed and received are to be apportioned on the basis of Departmental Sales and Purchases
5. Depreciation at 10% p.a. on Furniture and Machinery and it is to be charged $\frac{3}{4}$ th to Dept A and $\frac{1}{4}$ th to Dept B
6. Stock on 31st March 2016 in Dept A was worth Rs. 16,74,000 and in Dept B Rs. 12,05,000

(20 Marks)

Q3. Philips India Ltd. Calcutta has a branch at Cochin. Goods are sent to the branch by head office at cost plus 50%. All expenses are paid by head office and cash received is sent to head office immediately.

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

- a) Branch Stock account
- b) Branch Debtors account
- c) Branch Petty Cash account
- d) Branch Expense account
- e) Branch Adjustment account
- f) Branch Profit and Loss account

(20 Marks)

Particulars	(Rs)
Branch Stock on 1-1-2016 (Invoice Price)	65,400
Branch Debtors on 1-1-2016	1,05,000
Branch Petty Cash on 1-1-2016	750
Goods received from Head office (Invoice Price)	1,95,000
Goods returned to Head office (Invoice Price)	3,600
Cash Sales	1,27,500
<u>Expenses paid by Head office</u>	
Salary and Wages	28,000
Trade Expenses	7,500
Rent	<u>9,500</u>
Cash sent for Petty Expenses	710
Discount allowed to customers	10,500
Allowances to customers	1,200
Bad Debts	2,800
Cash received from Debtors	1,96,500
Branch Stock on 31-12-2016 (Invoice Price)	56,700
Branch Debtors on 31-12-2016	1,26,600
Branch Petty Cash on 31-12-2016	360

Q4. From the following particulars, prepare Stores Ledger showing the pricing of materials under FIFO Method and Weighted Average Method.

(20 marks)

Date	Particulars
1-1-2016	Opening balance 600 units valued at Rs. 6,000
3-1-2016	Received 300 units valued at Rs. 3,300
6-1-2016	Issued 500 units
10-1-2016	Received 800 units valued at Rs. 9,600
15-1-2016	Issued 1,000 units
18-1-2016	Received 400 units valued at Rs. 5,200
20-1-2016	Issued 500 units
24-1-2016	Purchased 1000 units valued at Rs. 14,000
28-1-2016	Issued 600 units
31-1-2016	Shortage of 5 units

Q5. The premises of E.F Limited were damaged due to fire on 21st December 2016. The company made up its accounts on 30th June each year. On 30th June 2016 the stock at cost was Rs. 13,272 as against Rs. 9,614 on 30th June 2015.

The purchases for full year 2015-16 were Rs.45,258 and that for current year up to date of fire were Rs. 34,827. Corresponding sales were Rs. 52,000 and Rs. 29,170 respectively.

In October 2006 goods costing Rs. 943 were given as samples for which no entries were made.

During August to November a clerk had misappropriated unrecorded cash sales. It is estimated that defalcation was at Rs 20 per week for 20 weeks. A part of stock is salvaged for Rs 300. Rate of Gross profit is constant. The policy is for Rs. 18,800 with Average Clause. Ascertain the amount of claim.

(20 Marks)

Q6. Answer any Four of the following:

(4x5=20 Marks)

- Garner V/s Murray rule
- Importance of Inventory Valuation
- Stock and Debtors system
- Advantages and Disadvantages of FIFO Method
- Maximum Loss Method
- Differentiate between Branch Accounting and Departmental Accounting