

Vidya Vikas Mandal's
Shree Damodar College of Commerce and Economics, Margao-Goa
First Year B.Com, Semester-II, SEE April 2016
Financial Accounting

Duration: - 2 hours

Marks: - 80

Instruction:-

1. Question No. 1 is compulsory.
2. Answer any three from Question 2 to Question 6.
3. Marks at the right denote the maximum marks.
4. Start each question on a new page.

Q 1) Naksh Ltd of Goa has a branch at Delhi. All goods are supplied to the branch by the head office which invoices the goods at the selling price which is calculated at cost plus 25%. The branch remits all cash received to the head office and all expenses are paid by the head office. Following particulars were available:-

Particulars	Amount (Rs)
Branch Debtors on 1-1-2015	6,000
Branch Stock on 1-1-2015 (Invoice Price)	2,400
<u>Sales-</u>	
Cash	3,000
Credit	60,000
Goods send from head office (Invoice Price)	72,000
Cash received from Debtors	57,600
Discount Allowed to Debtors	1,400
Bad Debts	300
<u>Expenses at Branch</u>	
Rent	5,000
Salaries	7,000
Office Expenses	3,000
Branch stock on 31-12-2015 (Invoice Price)	11,400

From the above particulars prepare Branch Stock Account, Branch Debtors Account, Branch Expenses Account, Branch Adjustment Account and Branch Profit and Loss Account.

(20 marks)

Q 2) Mr. Elton is the proprietor of a retail business which has two main departments A and B. As on 31-12-2015 the balances in the books of the business were given as follows:-

Particulars	Dr (Rs)	Cr (Rs)
Stock as on 1-01-2015		
Dept A	27,000	
Dept B	24,500	
Purchases		
Dept A	45,400	
Dept B	40,200	
Sales		
Dept A		80,800
Dept B		71,250
Wages		
Dept A	6,700	
Dept B	1,200	
Rent, Rates & Taxes	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 and Fittings	3,000	
Plant and 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	
TOTAL	2,18,960	2,18,960

The following information is also provided:-

- Transfer of goods from Department A to Department B amounted to Rs.420.
- Advertising to be apportioned equally
- Rent rates and Taxes, Sundry Expenses, Lighting and heating, Salaries and carriage inwards are to be apportioned to Department A & B in the ratio of 2:1.
- Discounts are to be apportioned on the basis of Departmental Sales and Purchases.
- Depreciation at 10% p.a. on Furniture and Fittings & on Plant & Machinery to be apportioned to A and B in the ratio of 2:1.
- The stock at 31st December 2015, Department A Rs. 13,740 and Department B Rs. 12,050.

You are required to prepare Departmental Trading and Profit and Loss Account for the year ended 31st December 2015 and a Balance Sheet as on that date after considering the above information.

(20 marks)

Q 3) The following are the receipts and issues of Steel in Prajya Factory during March 2015.

March 1st Opening Stock 200 tons at Rs.460 per ton.

4th Issued 140 tons.

6th Purchased 350 tons at Rs. 450 per ton

8th Condemned due to deterioration in quality.

9th Issued 80 tons

14th Issued 210 tons.

17th Purchased 200 tons at Rs. 480 per ton

20th Issued 120 tons

25th Purchased 180 tons at R. 470 per ton

28th Issued 280 tons

31st Excess found in stock 43 tons due to wrong weighing during the month.

Show the Stores Ledger Account under FIFO System.

(20 marks)

Q 4) Kavya, Spruha and Ayesha were partners sharing profits and losses in the ratio of 3: 2: 1. The partnership was dissolved on 31st December 2015 when the balance sheet was as follows:-

Liabilities		Assets	
Capitals	Amount (Rs.)		Amount (Rs)
Kavya		Cash	8,000
Spruha	12,000	Debtors	19,000
Ayesha	11,000	Stock	40,000
Partners Loan	3,000		
Kavya			
Spruha	6,000		
Creditors	10,000		
	25,000		
TOTAL	67,000	TOTAL	67,000

It was agreed that net realization should be distributed in due order at the end of each month. The realization and expenses were as follows (All figures in rupees)

	1 st realization	2 nd realization	3 rd realization	4 th realization	5 th realization
Debtors	5,000	3,000	5,000	2,000	3,000
Stock+-	8,000	8,000	12,000	10,600	1,000
Expenses	2,000	1,000	1,000	2,000	500

The stock being completely disposed off, it was agreed that Ayesha should take over the remaining debtors for Rs. 100. Show the distribution of cash as per Excess Capital Method.

(20 marks)

Q 5) The premises of HDC ltd. were damaged due to fire on 12th November 2015. The company made up its accounts on 31st December each year.

- On 1st January 2015 the stock at cost was Rs. 26,544 as against Rs. 19,228 on 1st January 2014.
 - The purchase for full year 2014 was Rs. 90,516 and for the period from 1st January to 12th November 2015 were Rs. 69,654.
 - The sales for the year 2014 were Rs. 1, 04,000 and for the current year up to the date of fire i.e. from 1st January 2015 to 12th November 2015 were Rs. 58,340.
 - In October 2015, goods costing Rs. 1,886 were given as samples for which no entries were made.
 - During June to October 2015, a clerk had misappropriated unrecorded cash sales by Rs.40 per week for 20 weeks.
 - A part of stock is salvaged for Rs.600. the rate of gross profit was constant.
 - The policy is for Rs. 37600 with average clause.
- Ascertain the amount of claim. (20 Marks)

Q6 A) From the following information relating to the Madras Branch for the year ending 31st December 2015, prepare the Branch Account in the books of Patiala Head office.

Particulars	Amount (Rs)
Opening balances on 1-01-2015	
Stock at Branch	37,500
Debtors at Branch	75,000
Petty cash at Branch	750
Goods Sent to Branch by Head Office	6, 30,000
Cash Sales	1, 50,000
Cash received from Debtors	5, 25,000
Goods returned by Branch	5,000
Credit Sales	5,70,000
Cheque Sent to Branch	
Salaries	22, 500
Rent & Taxes	3, 750
Petty Cash	2, 750
Closing balance as on 31-12-2015	
Stock at Branch	62, 500
Debtors at Branch	1, 20,000
Petty cash at Branch	500

(10 marks)

6) B) i) Differentiate between Branch and Department

(5 marks)

ii) Explain the different types of Branches

(5 marks)