

Vidya Vikas Mandal's
Shree Damodar College of Commerce and Economics, Margao-Goa
First Year B.Com, Semester-II, *May/June Supplementary Exam 2016*
Financial Accounting *(New Course)*

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) Shah and Co. of Mumbai started a branch at Goa on 1-01-2015 to which goods were sent at 20% above cost. Branch remits all cash received to the head office and all expenses are met by the head office. Following particulars were available.

Particulars	Amount (Rs)
Branch Stock on 1-01-2015 (Invoice Price)	36,000
Branch Debtors on 01-01-2015	25,750
Goods sent to Branch (Invoice Price)	3,24,600
Goods returned from Branch to Head Office (Invoice Price)	6,420
Cash received from Debtors	2,10,000
Discount allowed to Debtors	5,750
Branch expenses paid by Head Office:	
Salary and Wages	12,500
Printing and Stationary	9,000
Insurance	8,500
Credit Sales	2,00,000
Cash Sales	1,00,000
Branch Stock on 31-12-2015 (Invoice Price)	48,180

You are required to prepare Branch Stock Account, Branch Debtors Account, Branch expense Account, Branch Adjustment account and Branch Profit and loss Account. (20 marks)

Q2) Hemanshu Ltd. has two departments, A and B. From the following list of balances, prepare Departmental Trading and Profit & Loss Account for the year ended 31st December, 2015.

Particulars	Debit (Rs)	Credit (Rs)
Stock as on 1-1-2015		
Department A	34,000	
Department B	29,000	
Purchases		
Department A	70,800	
Department B	60,400	
Sales		
Department A		1,21,600
Department B		1,02,500

Wages		
Department A	16,400	
Department B	5,400	
Rent, Rates, Taxes and Insurance	18,780	
Sundry expenses	7200	
Salaries	6,000	
Lighting and Heating	4,200	
Discounts Allowed	4,440	
Discounts Received		1,300
Advertising	7,360	
Carriage Inwards	4,680	
Plant & Machinery	48,000	
Furniture & Fittings	30,000	

The following information is also provided:-

- 1) Internal transfer of goods Department A to Department B Rs.840.
- 2) The items rent, rates, taxes and insurance, sundry expenses, lighting and heating, salaries and carriage inward to be apportioned $\frac{2}{3}$ rd to Department A and $\frac{1}{3}$ rd to Department B.
- 3) Advertising to be apportioned equally.
- 4) Discount allowed and received are apportioned in the ratio of 60:51 and 7:6 respectively.
- 5) Depreciation at 10% per annum on furniture & fittings and on plant & machinery. Depreciation is to be charged $\frac{3}{4}$ th to Department A and $\frac{1}{4}$ th to Department B.
- 6) Stock as at 31st December 2015: Department A Rs. 33,480 and Department B Rs. 24,100.

(20 marks)

Q 3) Shahrukh, Aamir and Ranbir were equal partners in Sholay Ltd. they decide to dissolve the firm on 31st December 2015 when the balance sheet was as under :-

LIABILITIES	AMOUNT (Rs)	ASSETS	AMOUNT (Rs)
Creditors	40,000	Building	1,00,000
General Reserve	60,000	Debtors	80,000
CAPITALS		Cash	40,000
Shahrukh	60,000		
Aamir	20,000		
Ranbir	40,000		
TOTAL	2,20,000	TOTAL	2,20,000

It was agreed that Rs. 4000 should be kept aside for realization expenses. The assets were realized as follows:-

First Realization Rs. 34,600

Second Realization Rs. 59,400

Third Realization Rs. 54,000

Actual Realization expenses amounted to Rs. 2,800 only.

You are required to prepare a Statement showing the distribution of cash by using Maximum Loss Method

(20 marks)

Q 4) On 20th March 2016, the godown and the business premises of a merchant Topewalla were affected by fire. From the accounting records salvaged, the following information is made available (all figures in rupees)

Particulars	Amount (Rs)
Stock of goods on 1 st January, 2015	2,00,000
Stock of goods at 10% lower than cost as on 31 st December 2015	2,16,000
Purchase of goods for the year 1 st January to 31 st December 2015	8,40,000
Sales for the year 1 st January to 31 st December 2015	12,00,000
Purchases for the period 1 st January 2016 to 20 th March 2016	2,80,000
Sales for the period 1 st January 2016 to 20 th March 2016	6,20,000

- 1) Sales up to 20th march 2016 included Rs.80, 000 for which goods have not been dispatched.
- 2) Purchases up to 20th March 2016 did not include Rs.40, 000 for which purchases invoices had not been received from suppliers, though goods have been received at the godown.
- 3) Goods salvaged from the accident were worth Rs. 24,000 and these were handed over to the insured.

Ascertain the value of claim for the loss of Goods/ Stock.

(20 Marks)

Q 5) a) Ada, Fiza and Mita were partners in Dynamics Ltd sharing profits and losses in the ratio of 5:3:2. On 31st May 2015, they decided to dissolve the firm when the balance sheet was as follows:-

LIABILITY	AMOUNT (Rs)	ASSETS	AMOUNT (Rs)
Capitals		Cash in hand	30,000
Ada	1,40,000	Stock in trade	80,000
Fiza	1,14,000	Debtors	1,00,000
Mita	26,000	Furniture	2,40,000
Reserve Fund	30,000	Land	2,00,000
Bank Loan	10,000	Profit and Loss Account	10,000
Creditors	1,44,000		
Bills Payable	96,000		
Ada's Loan	70,000		
Fiza's Loan	30,000		
TOTALS	6,60,000		6,60,000

Based on the above information you are required to prepare a statement of Excess Capital.

(10 marks)

b) Explain the order of Payment in Piecemeal Distribution.

(5 marks)

c) What is dissolution? Explain the modes of dissolution.

(5 marks)

Q 6) The receipts and issues side of the Stores Ledger Account of Froscnt Ltd Shows the following particulars for the month January 2015.

January 1 st Opening Balance	500 units @ Rs. 4 per unit.
January 5 th Received	200 units @ Rs. 4.25 per unit.
January 12 th Received	150 units @ Rs. 4.10 per unit
January 20 th Received	300 units @ Rs. 4.50 per unit
January 25 th Received	400 units @ Rs.4.00 per unit

Issues of the materials are as follows:-

January 4 Issued	200 units
January 10 Issued	400 units
January 15 Issued	100 units
January 19 Issued	100 units
January 26 Issued	200 units
January 30 Issued	250 units

Prepare stores ledger account showing the pricing of the materials issue under the FIFO method.

(20 Marks)