

Indian Maritime University
(A Central University, Govt. of India)
BBA (Logistics, Retailing and E-Commerce)
UG31T1203 (Semester II)
Financial Accounting - II
May/June 2018 End Semester Examinations

Time: 3 Hours

Date: 30.05.2018

Max Marks:100

Pass Marks:50

Section-A

Answer all the questions 1 & 2
Each question carry equal marks

1.

10 X 1 = 10 Marks

A. Which of the following is included as Depreciation?

- (1) Depletion
- (2) Amortization
- (3) Dilapidation
- (4) all the above

B. In a Hire purchase system ownership of good is transferred

- (1) Immediately,
- (2) after first instalment,
- (3) after last instalment,
- (4) none of the above

C. Branch account under Debtors system is

- (1) Real account
- (2) Personal account
- (3) Nominal account
- (4) None of the above

D. A Joint life policy is taken

- (1) To cover life insurance of partners
- (2) To indemnify loss of a partner for the firm
- (3) To share proceeds amongst the partners
- (4) None of the above

- E. In the case of instalment system, total interest receivable by the seller is credited to
- (1) Interest suspense account
 - (2) Interest account
 - (3) Sales account
 - (4) None of the above
- F. Stock reserve for unrealised profit on interdepartmental transfers is charged to
- (1) Stock a/c
 - (2) General P&L a/c
 - (3) Reserves and Surplus a/c
 - (4) None of the above
- G. A banking partnership can have not more than:
- (1) 10 partners
 - (2) 5 partners
 - (3) 50 partners
 - (4) None of the above
- H. The following one is not a method of depreciation
- (1) Straight line method
 - (2) WDV
 - (3) Annuity Method
 - (4) Super Profit method
- I. In the case of annuity method, the amount of depreciation
- (1) Increases every year
 - (2) Fixed throughout
 - (3) Decreases every year
 - (4) None of the above
- J. Goods sent by Head office to Branch not yet received by Branch are credited by the H.O to
- (1) Branch a/c
 - (2) Good in transit a/c
 - (3) Trading a/c
 - (4) None of the above

2.

5 X 1 = 5 Marks

- A. Where there are large number transactions in branches _____ system is used.

- B. The system of accounting in hire purchase differ according to _____
- C. Depreciation on Plant is divided equally over different departments- True/False
- D. In computing Insurance claims, any saving in expenses is deducted for determining Final Claim- True/False
- E. A partnership firm enjoys separate legal entity apart from its partners True/False

Section-B (Questions 3-9) 5 X 5 = 25 Marks
 Answer any 5 out of 7 questions

- 3. Outline the difference between operating lease and Finance lease
- 4. A firm purchases a lease for 3 years for Rs. 30,000 on 1/1/2008. It was decided to provide for its replacement by means of an insurance policy for Rs 30,000, the annual premium of which would come to Rs 9500/-. On 1/1/2011, the lease is renewed for a further period of 3 years for Rs 30,000. Show the necessary ledger accounts.
- 5. Write an explanatory note on Dependent and Independent Branches.
- 6. Give a brief note on (1) Average clause (2) short sales in Insurance claims
- 7. Explain the concept of fixed and fluctuating capital in a Partnership firm
- 8. How does Instalment purchase differ from Hire-purchase?
- 9. Calculate the value of goodwill on basis of 3 years purchase of average annual super profits from the following information:
 Average capital employed-Rs. 50,000/-
 Normal rate of return – 10%
 Average profits-Rs.7000/-

Section-C (Questions 10-15) 4 X 15 = 60 Marks

Question 10 is Compulsory
 Answer any 3 out of the remaining 5 questions

- 10. Following is the Trial Balance for the year ending 31st December, 2009 of M/s Maheshwari Brothers.

Particulars	Dr (Rs)	Cr (Rs)
Purchases and Sales	50,000	1,00,00
Opening Stock	30,000	
Wages	10,000	
Salaries	10,000	
Plant	20,000	
Furniture	10,000	
Printing and Stationery	10,000	
Debtors & Creditors	5,000	
Cash	40,000	60,000
Drawings:	20,000	
Sunil		
Sharad	10,000	
	5,000	
Capital:		
Sunil		30,000
Sharad		20,000
	2,10,000	2,10,000

The following adjustments are to be taken into account:

1. Wages outstanding -Rs 5000
2. Plant is to be depreciated at 10% and furniture at 5%.
3. A provision for doubtful debt is to be created at 5% on debtors
4. Interest on capital to be allowed at 5% p.a while on drawings it is to be charged at 6%p.a
5. Both partners to be allowed salary @ Rs 200 pm
6. Profits and losses to be shared equally
7. Closing stock on 31st Dec 2009 valued at Rs30000

PREPARE THE TRADING ACCOUNT AND PROFIT AND LOSS ACCOUNT FOR YEAR ENDING 31.12.2009 AND BALANCE SHEET AS ON THAT DATE

11. Explain Branch accounting with imaginary data as to how accounting entries are made in the books of the Head office for incorporating the Branch Trial Balance in the H.O books

12. Kalyani Bros. have two retail sales branches selling goods supplied to them by the firm's central warehouse. All such supplies of goods are charges at the fixed selling price of cost plus 50 percent. Sales are mainly for cash but in approved cases limited credit sales are authorized. The whole book – keeping work is centralized at the Head Office.

From the following particulars in respect of the transactions of the branch at Uphill branch, Delhi, For the period of 3 months ending on 31st March, 2011 you are required to record them in the Journal and ledger accounts in the Head Office Books showing clearly how any balances thereon are dealt with (ie., prepare Branch Stock Account, Branch Debtors Account, Branch Adjustment Account, Branch Profit and Loss Account and Goods sent to Branch Account).

Stock (at selling price) January 1, 2010	26700
Debtors, January 1, 2010	1400
Cash Sales	72940
Cash Remitted to Head Office by computers	2800
Goods Returned: by Branch to Head Office	1170
by credit customers to Branch	570
by credit customers to Head Office	120
Goods transferred by the Branch to Low Hill Branch	4500
Goods issued to Branch by Head Office (at Selling price)	78300
Bad debts written off	150
Cash remitted to Head Office by the Branch	72000

The amount due by credit customers on March 31, 2010 was Rs.960/-. Goods (at a sales value of Rs.660/-) lost in transit from Head Office to the Branch, the actual stock on that date was in agreement with the book figures. A claim was made on the insurance company in respect of the lost stock. And a sum of Rs.500 was accepted in full settlement.

13. Rama Bros. have a Hire Purchase Department. They sell goods on hire purchase at Cost Plus 50%. From the following details, you are required to find out the profit made by the Hire Purchase Department in the stock and debtors system

Date	Particulars	Amount – Rs.
Jan.1	Stock with Hire Purchase Customers at selling price	9,000
	Stock at shop at cost	18,000
	<u>Installments due</u>	<u>5,000</u>
Dec. 31	Cash Received from Customers	60,000
	Goods repossessed (Installments due Rs.2000/-)	500
	Instalments due (customers paying)	9,000
	Stock at shop (incl. repossessed goods)	20,500
	<u>Purchases during the year</u>	<u>60,000</u>

14. The following are extracted from the books of B.N.Pai, Prepare Department Trading Account and General Profit & Loss Account for the year ended 31st October, 2008 and a Balance Sheet as on that date after adjusting the unrealised departmental profit if any.

Particulars	Rs.	Rs.
1. Capital	-	3,00,000
2. Land and Building	1,25,000	
3. Furniture	25,000	
4. Opening Stock		
	Dept. A	30,000
	Dept. B	40,000
5. Purchases		
	Dept.A	10,00,000
	Dept.B	15,00,000
6. Sales		20,00,000
	Dept. A-	
7. General Expenses	14,00,000	-
8. Sundry Debtors	2,00,000	-
9. Sundry Creditors	-	1,00,000
10. Drawings	2,80,000	
11. Cash and Bank	10,00,000	-
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	56,00,000	56,00,000
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Additional Information:

- (1) Closing Stock@ Dept.A Rs.1,30,000 including goods from Dept.B Rs.40,000 at cost to Dept.A.
- (2) Closing stock @ Dept.B Rs.2,60,000 including goods from Dept.A Rs.90,000 at cost to Dept. B.
- (3) Sales of Dept.A include transfer of goods to Dept.B of value Rs.2,00,000 and Sales of Dept.B include transfer of goods to Dept.,A of value Rs.30,000 both at market price to transferor Department.
- (4) Opening Stock of Dept. A and Dept.B include goods of value Rs.10,000 and Rs.15,000 taken from Dept.B and Dept.A respectively at cost to transferor Department
- (5) Depreciate land and building by 5% and furniture by 10% p.a.

15. Write a short essay on these two concepts in Partnership accounting

- (1) Methods of valuation of goodwill (2) Joint life policy. (10 and 5 marks respectively)
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