

**Indian Maritime University**  
**(A Central University, Govt of India)**  
**End Semester Examinations – December 2022**  
**Programme Name: BBA (LRE)**  
**Semester: II**  
**Subject Code: UG31T2203**  
**Subject Name: Financial Accounting II**

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Date: 29.11.2022

Max Marks: 70

Duration: 03 Hrs

Pass Marks: 35

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General Instructions

- (i) All Sections (A, B & C) are to be attempted.
- (ii) Options, if any, are specified in respective section.

**Section A**

**Ten MCQs/Fill in the Blanks of 01 Mark each – Choose the correct answer as applicable.**

1. We should deduct the amount of depreciation from
  - (a) Capital
  - (b) Fixed Assets
  - (c) Cash
  - (d) Liability
2. When goods are supplied by branch X to Branch Y, the head office books is debited by
  - (a) Branch X
  - (b) Branch Y
  - (c) Goods supplied to other branches
  - (d) Goods received from other branches
3. The act of buying an asset without having to make full payment in the immediate future is known as :
  - (a) Hire purchase
  - (b) Finance Lease
  - (c) Operating Lease
  - (d) Sales and leaseback
4. Which of the following is not allocated in the sales ratio?
  - (a) Advertisement
  - (b) Bad debts
  - (c) Commission on sales
  - (d) Carriage inward

5. The amount of interest is credited by the buyer to\_\_\_\_
  - (a) Hire purchase account
  - (b) Hire Vendor account
  - (c) Interest account
  - (d) Cash account
6. When branch has paid some cash on behalf of the head office , for purchase made by H.O, the books of head office is debited by:
  - (a) Cash account
  - (b) Sales account
  - (c) Purchases account
  - (d) Branch account
7. Lighting is allocated on the basis of \_\_\_ of each department
  - (a) No: of points
  - (b) No: of employees
  - (c) Floor Area
  - (d) Wages
8. A and B were partners in a firm sharing profit or loss equally, with effect from 1st April,2019, they agreed to share profits in the ratio of 4:3 due to change in profit sharing ratio A's gain or sacrifice will be
  - (a) Gain  $\frac{1}{14}$
  - (b) Sacrifice  $\frac{1}{4}$
  - (c) Gain  $\frac{4}{7}$
  - (d) Sacrifice  $\frac{3}{7}$
9. Under which system, ownership is transferred on payment of final settlement
  - (a) Instalment system
  - (b) Credit system
  - (c) Hire purchase system
  - (d) Cash system
10. Loss of stock = Total Stock on date of fire - \_\_\_\_\_
  - (a) Sum insurance
  - (b) Short sales
  - (c) Salvage value
  - (d) Average clause

## **Section B**

### **Five Questions of 02 Marks each**

11. A, B and C are partners with capitals of Rs.100000, Rs.75000 and Rs.50000 respectively. On C's retirement his share is acquired by A and B in the ratio of 6:4 respectively. Ascertain new profit sharing ratio and gaining ratio.
12. Explain the distinction between Hire- purchase and instalment purchase system.

13. What are the causes of depreciation?
14. What are the advantages of department accounts?
15. State few salient features of a dependent branch?

### Section C

**Seven Questions of 10 Marks each of which any 05 questions to be answered.**

16. Mahajan Bros. of Kolhapur have a branch at Jaipur. Goods are sent at cost plus 50%. From the following you are required to prepare:

- (a) Branch expenses account
- (b) Branch Stock account
- (c) Branch adjustment account for calculating net profit.

	<b>Rs.</b>		<b>Rs.</b>
Stock in the beginning at invoice price	30,000	Cash sales	25,000
Goods sent to the branch at invoice price	90,000	Credit sales	80,000
<u>Branch expense:</u>		Stock at the end at invoice price	15,000
Salary	1000		
Depreciation	600		
Rent	600		
Other expenses	2000		

17. Arul Purchased machinery under the hire purchase system from Mr. Balu. The cash price of the machinery was Rs.15000. The payment for the purchase is to be made as follows: on signing the agreement Rs.3000; end of the first year Rs.5000; end of the second year Rs.5000; end of the third year Rs.5000. Calculate the amount of interest included in each instalment.

18. From the following particulars, prepare Branch account showing the profit or loss of the branch:

	<b>Rs.</b>
Opening stock at the branch	30000
Goods sent to branch	90000
Sales (cash)	120000
<u>Expenses:</u>	
Salaries	10000
Other expenses	4000

Closing stock could not be ascertained, but it is known that the branch usually sells at cost plus 20 per cent. The Branch manager is entitled to a commission of 5 per cent on the profit of the branch before charging such commission.

19. Explain the difference between branch accounts and department accounts

20. Explain the objective and necessity for providing depreciation?

21.X Ltd. has taken out a fire policy of Rs. 1, 60,000 covering its stock. A fire occurred on 31st March, 2013. The following particulars are available :

	Rs.
Stock as on 31.12.2012	60,000
Purchases to the date of fire	2,60,000
Sales to the date of fire	1,80,000
Carriage Inwards	1,600
Commission on purchase to be paid	@2%
Gross Profit Ratio @ 50% on cost	

You are asked to ascertain

(a) Total loss of stock;

(b) amount of claim to be made against the Insurance Company assuming that the policy was subject to average clause. Stock salvage amounted to Rs.41, 360

22.Pinki, Deepati and Kaku are partner's sharing profits in the ratio of 5:4:1. Kaku is given a guarantee that his share of profits in any given year would not be less than ₹ 5,000. Deficiency, if any, would be borne by Pinki and Deepati equally. Profits for the year amounted to ₹ 40,000. Prepare the profit and loss appropriation account.