

**INDIAN MARITIME UNIVERSITY**  
(A Central University, Govt. of India)  
End Semester Examinations – Dec 2019/Jan 2020  
**B.B.A (Logistics, Retailing and E-Commerce)**  
**Semester-II**  
**UG31T1203/2203 Financial Accounting II**

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**Date: 13-12-2019**

**Max Marks :100**

**Time: 3 HRS**

**Pass Marks : 50**

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**Part – A**

**Answer all the Questions: 10 x 1 mark = 10 marks**

1. In the case of a small dependent branch, the Head Office maintains branch accounts under .....

  - a) Debtors System
  - b) Stock and Debtors System
  - c) Final Accounts System
  - d) Wholesale Branch System

2. Depreciation is a charge against .....

  - a) Profit
  - b) Cash
  - c) Capital
  - d) Fixed Asset

3. The value of goodwill of a business depends on .....

  - a) Location
  - b) Reputation of management
  - c) Age of the business
  - d) All the above

4. Surplus earned on sale of fixed asset is an example of .....

  - a) Revenue Reserve
  - b) Capital Reserve
  - c) Cash Reserve
  - d) General Reserve

5. Goods sent by Head Office to a dependent branch was not received by it till the end of the accounting year. For reconciling the difference, Head Office passes an adjustment entry debiting ..... and crediting Branch Account.

  - a) Branch Stock Account
  - b) Stock Reserve Account
  - c) Goods-in-transit Account
  - d) Goods lost Account

6. Goods are transferred from Department X to Department Y at a price which includes 25% profit on cost. If the closing stock of Department Y is Rs 20000, then the amount of Stock Reserve on closing stock is .....
- a) Rs 4000
  - b) Rs 5000
  - c) Rs 20000
  - d) Rs 15000
7. A property worth Rs 25000 was insured for Rs 15000 with average clause. It was completely destroyed by fire. The eligible insurance claim amount is .....
- a) Rs 25000
  - b) Rs 15000
  - c) Rs 9000
  - d) Rs 10000
8. In an operating lease.....
- a) Usually the lessee has the option to purchase the asset at the end of the lease period.
  - b) The lease term is for major part of the economic life of the asset.
  - c) It transfers substantially all the risks and rewards incident to ownership of the asset to the lessee
  - d) None of the above
9. In the books of the Higher Purchaser, the asset account is debited with .....
- a) Hire Purchase Price
  - b) Cost price to seller
  - c) Cash Price
  - d) Cash Down Payment
10. A and B are in partnership business as per terms of the Partnership Deed dated 10<sup>th</sup> January 2019. The profits and losses of the business are to be shared by the partners .....
- a) Equally
  - b) As per terms of the Partnership Deed
  - c) In the ratio of their capital
  - d) In the ratio of capital less drawings

**Part – B**

**Answer any 6 questions not exceeding 200 words:**

**6 x 7marks = 42 marks**

11. Mention the basis adopted for departmentalization of various business expenses for preparing departmental accounts.
12. Define 'partnership'. What are the essential characteristics of a partnership?

13. State the adjustment entries required to be passed for accounting goods-in-transit and cash-in-transit sent from Head Office to a dependent branch, under Debtors System and Stock and Debtors System.
14. Distinguish between Hire Purchase System and Installment Purchase System.
15. Joy and Roy are partners in a business sharing profits and losses equally, their capital being Rs 50000 and Rs 40000 respectively. Joy made a drawing of Rs 5000 on 1-01-2018 and Roy made drawing of Rs 10000 on 1-07-2018. As per the partnership deed, interest on capital is 10% p.a and interest on drawings is 12% p.a. Prepare the Profit and Loss Appropriation Account for the year ended 31-12-2018 if the Net Profit for the year is Rs 20000.
16. A fire occurred in the premises of M/S Agni Enterprises on 25<sup>th</sup> August 2018 where a large part of the stock was destroyed. The salvage value was Rs 15000. The following information for the period from 1-01-2018 to 25-08-2018 is available from the firm.
- (a) Purchases ₹ 85000;
  - (b) Sales ₹ 90000;
  - (c) Goods costing ₹ 5000 were taken by the proprietor for personal use.
  - (d) Cost price of stock on 1-01-2018 ₹ 40000.
  - (e) Gross Profit margin of the business is 33.333%.
  - (f) The insurance policy was for ₹ 50000 with average clause
- Prepare the claim statement for M/S Agni Enterprises.
17. M/S Amjad Khan & Bros took a plant on lease on 1<sup>st</sup> January 2015 from M/S X Leasing Ltd. The following are the relevant details.
- (i) Fair Value of the Plant is ₹ 100000
  - (ii) Residual Value is NIL after 3 years
  - (iii) Lease Rentals is ₹ 40000 per annum, payable at the end of each year during useful life of the plant.
  - (iv) Total finance charges to be apportioned in the ratio 10: 7: 3 for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year respectively.
- Prepare the account of X Leasing Ltd in the books of M/S Amjad Khan & Bros till closure.
18. M/S Banerji & Chatterji acquired a machine on 1<sup>st</sup> October 2015 at a cost of ₹ 140000 and spent ₹ 10000 on its installation. The firm writes off depreciation @ 10% of the original cost every year. On 31<sup>st</sup> March 2017, the firm decided to change the method of depreciation to Diminishing Balance Method @ 15% from the beginning. Show the Machinery Account for three years covering the accounting periods 31-03-2016 to 31-03-2018.

**Part – C**

**Question No:19 is compulsory.**

**Answer any 3 from the remaining 5 Questions, not exceeding 500 Words**

**4x12 marks = 48 marks**

19. The following details are available from the books of M/S Vizag Traders relating to its Chennai Branch for the accounting year ended 31-12-2018. Prepare the Chennai Branch Account under the Debtors System in the books of the Head Office at Kolkata.

| Particulars          | Position as on<br>1-1-2018 ₹ | Position as on<br>31-12-2018 ₹ |
|----------------------|------------------------------|--------------------------------|
| Stock at the Branch  | 10000                        | 5000                           |
| Branch Debtors       | 4000                         | 4900                           |
| Petty Cash           | 500                          | 650                            |
| Furniture            | 2000                         | ?                              |
| Pre-paid Insurance   | 150                          | 150                            |
| Salaries outstanding | 100                          | NIL                            |

|                                      |             |
|--------------------------------------|-------------|
| Goods sent to branch during the year | -- ₹ 80000  |
| Cash Sales during the year           | -- ₹ 130000 |
| Credit Sales during the year         | -- ₹ 40000  |
| Cash received from debtors           | -- ₹ 35000  |
| Cash paid by branch debtors to HO    | -- ₹ 2000   |
| Discount allowed to debtors          | -- ₹ 100    |
| Cash sent to branch for expenses     | -- ₹ 6000   |
| Goods returned by the branch         | -- ₹ 1000   |
| Goods returned by the debtors        | -- ₹ 2000   |

Note : Provide depreciation on furniture @ 10% p.a.

Goods worth ₹ 1200 were destroyed by fire and a sum of ₹ 1000 was received from the Insurance company.

- 20.
- Define 'depreciation' and distinguish it from the terms 'depletion' and 'amortization'.
  - Explain the 'Depletion Method' of providing depreciation.
21. What is 'goodwill' of a business? Explain the various methods of valuation of goodwill with imaginary data.
22. State the different types of branches of a business firm. Mention the various accounting systems followed by Head Office in maintaining branch accounts and explain the accounting system followed in the case of small branches.

23. The Trading and Profit and Loss Account of M/S Hindustan Electronics for the year ending 31<sup>st</sup> March 2018 is as under:

| Particulars                                   | Dr ₹   | Particulars                              | Cr ₹   |
|---|--------|--|--------|
| Purchases:                                    |        | Sales:                                   |        |
| Transistors( X)                               | 160000 | Transistors( X)                          | 175000 |
| Tape Recorders (Y)                            | 125000 | Tape Recorders( Y)                       | 140000 |
| Spare parts for Servicing and Repairs jobs(Z) | 80000  | Servicing and Repair jobs(Z)             | 35000  |
| Salaries and Wages                            | 48000  | Closing Stock:                           |        |
|   |        | Transistors(X)                           | 60100  |
|   |        | Tape Recorder(Y)                         | 20300  |
|   |        | Spare parts for Servicing and Repairs(Z) | 44600  |
| Rent  | 10800  |  |        |
| Sundry Expenses                               | 11000  |  |        |
| Net Profit                                    | 40200  |  |        |
|   | 475000 |  | 475000 |

Prepare the Departmental Accounts for each of the three departments X,Y and Z mentioned above, after taking into consideration the following:

- Transistors and Tape Recorders are sold in the Show Room. Servicing and Repairs are carried out at the Workshop.
  - The Salaries and Wages comprise the following: Show Room –3/4th; Workshop – 1/4th. It was decided to allocate the showroom salaries and wages in the ratio 1: 2 between Departments X and Y.
  - The Work Shop rent is ₹ 500 per month. The rent of Show Room is to be divided equally between Departments X and Y.
  - Sundry Expenses are to be allocated on the basis of the turnover of each Department.
24. Pinku, Rinku and Tinku are partners of M/S Queens Beauty Parlour. As per the terms of the partnership deed, the partners are to be remunerated as under:
- Pinku to be paid salary of ₹ 10000 p.a.
  - Rinku is to be given commission of 10% of Profits before charging any salary or commission to any partner.
  - Tinku is entitled to commission of 10% of profits after charging salary and commission to partners.

The Net Profit before charging salary or commission to partners amounted to ₹ 60000 for the year ended 31-03-2019. The balance profits and losses after payment of salary and commission are to be shared by the partners in the ratio of 1:2:2. Prepare the Profit and Loss Appropriation Account for the year ended 31-03-2019.