

F.Y. BCom. - SEM II Accountancy and Financial Management

Faculty	Commerce and Management
Program no. and Name of the	2C00142/FYBCom (CBCGSS)(R-2016-17) SEM II
Subject (Paper Code)	76105/Accountancy and Financial Management Paper II
Question Paper Code	65442
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Q1 A

True OR False

- | | | |
|----------|--|-------------|
| a | For ascertaining credit purchases sundry debtors account is prepared | FALSE |
| b | Bills Receivable dishonoured are credited to bills payable account | FALSE |
| c | A statement of assets and liabilities as on a particular date with missing figure is called as balance sheet | FALSE |
| d | Profit / loss on consignment belongs to the consignor | TRUE |
| e | consigner is a person who consigns goods | TRUE |
| f | Invoice Price is always higher than cost | TRUE |
| g | Under stock and debtors method branch debtors account is maintained | TRUE |
| h | credit sales are debited to branch debtors account under stock and debtors method | TRUE |
| i | Loading on opening stock is credited to branch account under debtors method | TRUE |
| j | Fire insurance covers death of human beings due to fire | FALSE |
| k | RBI governs insurance business in India | FALSE |
| l | Memorandum Trading Account is prepared to ascertain the amount of salvage | FALSE |

B

Multiple Choice Questions

- | | |
|---|---|
| a | Bills payable dishonoured are debited to Bills Payable account |
| b | With the available information a trader needs to convert the incomplete records into complete records it is known as Conversion Method |
| c | If the rate of GP is 25% on sales and the cost of goods sold is Rs 10000/- the GP will be Rs 3333/- |
| d | The relationship between consignor and consignee is that of Principal and Agent |
| e | If the consignee gets Del Credere Commission he will bear the bad debts |
| f | Consignment account is a Nominal account |
| g | Goods Sent by the Ho to the branch but not received by the branch are termed as Goods in transit |
| h | Under debtors method goods returned by branch are credited to branch account |
| i | The branch is said to be dependent when its accounts are mentioned by HO |
| j | Stock for the purpose of claim should at cost |
| k | The amount to be paid by insurance company in the event of loss is called as sum assured |
| l | If the GP is 20% on cost, then it is 1/6th on sales |

Q.2

M/s Kunal Steel Suppliers
Trading Account for the year ended 31st March 2019 (2 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Opening Stock		35,000	By Sales		
To Purchases			Cash	56,000	
Cash	69,000		Credit	8,85,100	9,41,100
Credit	4,65,050	5,34,050	By Closing Stock		60,000
To Wages		39,200			
To Gross Profit		3,92,850			
		10,01,100			10,01,100

Profit and Loss Account for the year ended 31st March 2019 (3 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Salaries	45,800		By Gross profit		3,92,850
Add: O/S Salaries	6,000	51,800	By Commission received		59,000
To Printing and Stationery		24,500	By Discount received		2,550
To Sundry expenses		36,600			
To Discount allowed		3,800			
To Bad debts		6,000			
To Depreciation					
Furniture	13,000				
Machinery	1,00,000	1,13,000			
To Net Profit		2,18,700			
		4,54,400			4,54,400

Balance Sheet as on 31st March 2019 (4 marks)

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital Op. Bal.	7,44,800		Furniture Op. Bal.	1,30,000	
Add: Addnl. Capital Intro.	80,000		Less: Depreciation	13,000	1,17,000
Less: Drawings	25,000		Machinery Op. Bal.	5,00,000	
Add: Net Profit	2,18,700	10,18,500	Less: Depreciation	1,00,000	4,00,000
Creditors		2,28,200	Debtors		2,75,800
Outstanding Salaries		6,000	Stock		60,000
			Cash and Bank Balance		3,99,900
		12,52,700			12,52,700

Cash and Bank Account for the year ended 31st March 2019 (2 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Bal. b/d		75,000	By Amount paid to Creditors		4,80,000
To Sales		56,000	By Wages		39,200
To Debtors		8,50,000	By Salaries		45,800
To Additional Capital introduced		80,000	By Printing and Stationery		24,500
To Commission received		59,000	Dy Drawings		25,000
			By Cash Purchases		69,000
			By Sundry expenses		36,600
			By Bal C/d.		3,99,900
		11,20,000			11,20,000

Opening Statement of Affairs as on 1st April 2018

(2 marks)

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital (Balancing Fig.)		7,44,800	Debtors		2,50,500
Creditors		2,45,700	Stock		35,000
			Furniture		1,30,000
			Machinery		5,00,000
			Cash and Bank		75,000
		9,90,500			9,90,500

Total Debtors Account

(1 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Bal. b/d		2,50,500	By Cash/Bank Account		8,50,000
To Credit Sales		8,85,100	By Discount allowed		3,800
			By Bad debts		6,000
			By Balance c/d		2,75,800
		11,35,600			11,35,600

Total Creditors Account

(1 mark)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Cash/Bank a/c		4,80,000	By Bal b/d		2,45,700
To Discount received		2,550	By Credit Purchases		4,65,050
To Bal c/d.		2,28,200			
		7,10,750			7,10,750

Q.2

Mr. Samsher

Trading a/c for the year ended 31st March, 2018 (2 MARKS)

	Rs.		Rs.
To Opening Stock	76,000	By Sales	
To Purchases	87,000	Cash	66,000
To Carriage Inward	49,000	Credit	<u>1,85,000</u>
To Gross Profit c/d	1,39,000	By Closing Stock	1,00,000
	3,51,000		3,51,000

Profit and Loss a/c for the year ended 31st March, 2018 (3 MARKS)

	Rs.		Rs.
To Rent	20,000	By Gross Profit b/d	1,39,000
(+) Outstanding	<u>2,000</u>	By Discount Received	2,000
To Salaries	23,000		
To General Expenses	17,000		
To Depreciation			
Plant	7,200		
Motor Vehicle	<u>26,000</u>		
To Discount Allowed	3,000		
To Net Profit c/d	42,800		
	1,41,000		1,41,000

Balance Sheet as on 31st March, 2018 (4 MARKS)

Liabilities		Rs.	Assets		Rs.
Capital	2,44,000		Plant	72,000	
(+) Add. Capital	30,000		(-) Depreciation	<u>7,200</u>	64,800
(-) Drawings	36,000		Motor Vehicle	1,00,000	
(+) Net Profit	<u>42,800</u>	2,80,800	(+) Purchases	<u>30,000</u>	
Sundry Creditors		59,000		1,30,000	
Outstanding Rent		2,000	(-) Depreciation	<u>26,000</u>	1,04,000
			Sundry Debtors		49,000
			Closing Stock		1,00,000
			Cash & Bank		24,000
		3,41,800			3,41,800

Balance Sheet as on 1-4-2017 (1 MARK)

Liabilities		Rs.	Assets		Rs.
Capital (Balancing figure)		2,44,000	Plant		72,000
Sundry Creditors		74,000	Motor Vehicle		1,00,000
			Sundry Debtors		67,000
			Stock		76,000
			Cash & Bank		3,000
		3,18,000			3,18,000

Debtors a/c (1 MARK)

	Rs.		Rs.
To balance b/d	67,000	By Cash	2,00,000
To Credit Sales	1,85,000	By Discount Allowed	3,000
(Balancing figure)		By balance c/d	49,000
	2,52,000		2,52,000

Creditors a/c (1 MARK)

	Rs.		Rs.
To Cash	1,00,000	By balance b/d	74,000
To Discount Received	2,000	By Credit Purchases	87,000
To balance c/d	59,000	(Balancing figure)	
	1,61,000		1,61,000

Cash a/c (3 MARKS)

	Rs.		Rs.
To balance b/d	3,000	By Motor Vehicle	30,000
To Capital	30,000	By Rent	20,000
To Debtors	2,00,000	By Salaries	23,000
To Cash Sales	66,000	By Creditors	1,00,000
(Balancing figure)		By General Expense	17,000
		By Drawings	36,000
		By Carriage Inward	49,000
		By balance c/d	24,000
	2,99,000		2,99,000

Q 3

In the books of Head Office

Branch Account

Particulars	Rs	Rs	Particulars	Rs	Rs
To balance bd			By balance bd		
Stock	6,25,000		stock reserve		1,25,000
debtors	6,00,000	12,25,000			
To goods sent to branch		20,00,000	By goods sent to branch		4,00,000
To goods sent to branch		24,000	By goods sent to branch		1,20,000
To bank			By bank		
550000+150000+25500		7,25,500	800000+1475000		22,75,000
To Branch profit		6,65,000			
To balance cd			By balance cd		
stock reserve	1,50,000		stock	7,50,000	
o/s petty expenses	5,500	1,55,500	debtors	11,25,000	18,75,000
		47,95,000	-		47,95,000

11 Marks

Working Notes

Branch Debtors Account

Particulars	Rs	Rs	Particulars	Rs	Rs
To Balance Bd		6,00,000	By bank		14,75,000
To credit sales		20,00,000	By balance cd		11,25,000
		26,00,000	-		26,00,000

4 Marks

5

Q.3

In the Books of Ishani Enterprises

Branch Stock Account

(5 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Bal. b/d		60,000	By Branch Cash a/c.- (Cash sales)		1,80,000
To Good Sent to Branch a/c.		2,25,000	By Branch Debtors a/c. (Credit Sales)		1,71,500
To Branch Debtors (Returns)		8,000	By Goods Sent to Branch a/c. (Returns)		6,000
To Branch P&L a/c.(Gross Profit)		1,04,500			
			By Bal C/d.		40,000
		3,97,500			3,97,500

Branch Debtors Account

(4 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Bal. b/d		50,000	By Branch Stock a/c. (Sales Returns)		8,000
To Branch Stock a/c. (Credit Sales)			By Cash/Bank a/c.		1,50,000
(Balancing Fig.)		1,71,500	By Br. Expenses a/c. (Disc. allowed)		2,500
			By Br. Expenses a/c. (Bad debts)		1,000
			By Bal. c/d.		60,000
		2,21,500			2,21,500

Branch Expenses Account

(3 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Salaries		15,000	By Branch P&L a/c – Bal. fig.		45,000
To Commission		10,000			
To Rent and Taxes		16,500			
To Br. Debtors – Disc. Allowed		2,500			
To Br. Debtors – Bad debts		1,000			
		45,000			45,000

Branch Profit and Loss Account

(3 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Branch Expenses a/c.		45,000	By Br. Stock a/c.		1,04,500
To Gen. P&L a/c. – Net Profit		59,500	(Gross Profit b/d.)		
		1,04,500			1,04,500

4. A.

In the books of Jai

Consignment a/c (10 MARKS)

	Rs.		Rs.		
To Goods Sent on Consignment (400 x 1000)		4,00,000	By Disha's a/c (Cash Sales) (340 cookers x 1,400)		4,76,000
To Cash/Bank					
Carriage	2,000		By Disha's a/c (Credit Sales) (40 cookers x 1,500)		60,000
Packing	2,500				
Insurance	<u>3,000</u>	7,500			
To Disha's a/c			By Stock on Consignment a/c (Working Note)		20,375
Rent & Taxes	3,200				
Advertisement	<u>1,800</u>	5,000			

To Disha's a/c (Commission) (5,36,000 x 8%)	42,880		
To Disha's a/c (Del Credere Commission) (5,36,000 x 2%)	10,720		
To Bills Receivable (Discount) (80,000 – 77,600)	2,400		
To Profit & Loss	87,875		
	5,56,375		5,56,375

Disha's a/c (3 MARKS)

	Rs.		Rs.
To Consignment a/c (4,76,000 + 60,000)	5,36,000	By Consignment a/c (Expense) (3200 + 1,800)	5,000
		By Consignment a/c (Commission)	42,880
		By Consignment a/c (Del Credere Commission)	10,720
		By Bills Receivable	80,000
		By Bank a/c	3,97,400
	5,36,000		5,36,000

Working Note

Total Sales by Disha

340 Cookers x 1,400 = 4,76,000

40 Cookers x 1,500 = 60,000

5,36,000

Stock on Consignment (2 MARKS)

	Quantity	Rs.
Closing Stock		
<u>Cost of Goods Sent</u>		
a) Quantity Sent	400	
Cost of goods sent (400 x 1000)		4,00,000
Jai's Expenses		<u>7,500</u>
b) Total Cost		4,07,500
c) Quantity Sold	380	
d) Quantity in Stock (a-c)	20	

e) Closing Stock- Cost

Total Cost = $4,07,500 \times \frac{20}{400} = 20,375$

Q 4

In the books of M/S ABC and Co
Consignment Account

	Particulars	Rs	Rs		Particulars	Rs	Rs
To	Goods sent on consignment (1200 @ Rs 3120)		37,44,000	By	Mr. D 600 @ 4000 500 @ 4500	24,00,000 22,50,000	46,50,000
To	cash/bank insurance Carriage misc. expenses	5,000 8,000 7,000		By	Goods sent on consignment Stock on consignment		6,24,000 3,13,667
To	Mr. D godown rent selling expenses	10,000 15,000	25,000				
To	Mr. D Commission		4,65,000				
To	Mr. D Delcredere commission		93,000				
To	Bills Receivable		18,720				
To	stock reserve on closing stock		52,000				
To	Consignment Profit		11,69,947				
			55,87,667	-			55,87,667

10 Marks

Mr. D Account

	Particulars	Rs	Rs		Particulars	Rs	Rs
To	consignment		46,50,000	By	consignment godown rent selling expenses	10,000 15,000	25,000
				By	consignment Commission del credere Commission		4,65,000 93,000
				By	Bills receivable		18,72,000
				By	bank		21,95,000
			46,50,000	-			46,50,000

3 Marks

Valuation of Closing Stock

Cost	100 @ 3120	3,12,000	Loading	
Prop. Expenses			100 @ 520	52,000
	<u>100 units * 20000</u>	1,667		
	1200 units			
	Claim Amount	3,13,667		

2 Marks

Q.5

Gala Timber Mart

Analysis : Calculate average rate of gross profit.

1. Find out Gross Profit Rate and Average Gross Profit Rate

(4 marks)

$$\text{Gross Profit Rate} = \frac{\text{Gross Profit}}{\text{Sales}} * 100$$

31-03-2015 = $\frac{2,39,500}{9,58,000} * 100 = 25\%$

31-03-2016 = $\frac{2,25,000}{9,00,000} * 100 = 25\%$

31-03-2017 = $\frac{2,05,480}{9,34,000} * 100 = 22\%$

31-03-2018 = $\frac{2,00,640}{9,12,000} * 100 = 22\%$

$$\text{Average Gross Profit Rate} = \frac{25+25+22+22}{4} = 23.5\% \quad (1 \text{ mark})$$

2. Memorandum Trading Account
From 01-04-2018 to 16-07-2018

(6 marks)

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Opening Stock		1,02,250	By Sales		3,50,000
To Purchases		2,12,380	By Closing Stock on date of fire		71,880
To Wages		25,000	(Bal Fig.)		
To Gross Profit c/d.		82,250			
(3,50,000*23.5%)					
		4,21,880			4,21,880

Statement of Insurance Claim

(2 marks)

Closing Stock on date of fire	71,880
Less: Salvage Values	18,000
Actual Loss	53,880

Average Clause is applicable:

(2 marks)

$$\text{Claim} = \frac{\text{Amount of Policy}}{\text{Stock on date of Fire}} * \text{Actual Loss}$$

$$= \frac{55,000}{71,880} * 53,880$$

$$= \text{Rs. 41,227}$$

Q.5

SHLOK LIMITED

Trading a/c for the year ended 31st March 2018

(4 MARKS)

	Rs.		Rs.
To Opening Stock	1,20,000	By Sales	25,00,000
To Purchases	12,00,000	By Closing Stock	1,95,000
To Wages	4,50,000		
To Direct Expenses	3,00,000		
To Gross Profit	6,25,000		
	26,95,000		26,95,000

II. Compute Gross Profit Ratio (1 MARK)

$$\text{GPR} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100 = \frac{6,25,000}{25,00,000} \times 100 = 25\%$$

III. Computing Stock on date of fire

Memorandum Trading a/c (5 MARKS)
(1-4-2018 to 1-11-2018)

	Rs.		Rs.
To Opening Stock	1,95,000	By Sales	15,75,000
To Purchases	8,75,000		
To Wages	2,62,500		
To Direct Expenses	1,75,000		
To Gross Profit (15,75,000 x 25%)	3,93,750	By Closing Stock (Bal. fig.)	3,26,250
	19,01,250		19,01,250

IV. Compute Loss (1 MARK)

Stock on date of fire	3,26,250
(-) Salvage	<u>26,250</u>
Loss	<u>3,00,000</u>

V. Compute Claim (2 MARKS)

$$\text{Claim} = \frac{\text{Policy}}{\text{Stock}} \times \text{Loss} = \frac{3,10,000}{3,26,250} \times 3,00,000 = 2,85,057$$

Working Notes (2 MARKS)

1) Purchases

7,50,000 6 months

8,75,000 7 months

2) Sales

13,50,000 6 months

15,75,000 7 months

3) Wages

4,50,000 12 months

2,62,500 7 months

4) Direct Expenses

3,00,000 12 months

1,75,000 7 months

Q.6 (a)

Single Entry System

(10 marks)

A system of book keeping in which as a rule only records of cash and personal accounts are maintained. It is always incomplete double entry, varying with circumstances.

Single Entry	Double Entry
1) Not based on recognised accounting principles	1) Based on recognised accounting principles
2) Both the aspects of each transaction are not recorded	2) Both aspects – Debit and Credit of all transactions are recorded.
3) Trial Balance cannot be prepared	3) Possible to prepare Trial Balance
4) Trading a/c can not be prepared hence GP cannot be ascertained.	4) Trading a/c. is prepared to ascertain GP
5) P&L A/c cannot be prepared hence Net Profit cannot be ascertained.	5) P&L A/c. is prepared to ascertain Net Profit.
6) Adopted by small sole trader or firm.	6) Compulsory in case of Limited company.
7) Not recognized by Law.	7) Recognized by Law.

Q.6(b)

(10 marks)

A branch is a local office which is part of a central system or large organization.

Branch Accounting Methods

a) Debtors Method

b) Stock and Debtors Method

a) Debtors Method

- Adopted in case of branches which are small in size
- A separate a/c 'Branch Account' is kept by HO for each branch
- HO considers branch as a debtor
- Branch account records branch income, branch expenses, branch assets and branch liabilities.

b) Stock and Debtors Method

- Accounts are maintained in a much-detailed manner than Debtors method
- Branch Stock A/c., Branch Debtor A/c, Goods Sent to Branch A/c, Branch Cash A/c., Branch Expenses A/c, Branch Adjustments A/c, Branch Profit and Loss A/c are opened

OR

Q.6(a)

Consignment Account

(5 marks)

- A nominal Account
- Prepared by Consignor showing all transaction relating to particular consignment
- Objective – to ascertain net profit or loss from each consignment

Q.6(b)

Average Clause

(5 marks)

- A fire insurance policy usually includes an average clause in order to discourage underinsurance of stock.
- The insurance company pays compensation to the insured proportionately if the value of stock on date of fire is more than the amount of policy
- **Claim = $\frac{\text{Amount of Policy}}{\text{Stock on date of Fire}} * \text{Actual Loss}$**

Q.6(c)

Memorandum Trading Account

(5 marks)

- Prepared from the first day of accounting year to the date of fire.
- If the value of stock on date of fire is not readily available, the value must be estimated. This is done by preparing Memorandum Trading Account.

Q.6(d)

Del-Credere Commission

(5 marks)

- It is an additional commission paid by the consignor to the consignee for bearing the loss on account of bad debts
- If consignee does not get Del-Credere commission consignor will bear the risk of bad debts.

Q.6(e)

Dependent Branch

- A branch is said to be dependent when its accounting is done at head office.
- Head office sends goods to dependent branch, either at cost or at Invoice price.
- HO send cash to dependent branch for its petty expenses

Q.6(f)

Total Debtors Account

(5 marks)

- Total debtors account is prepared to ascertain the amount of credit sales or sometimes cash received from debtors.

Debit Side Analysis	Credit Side Analysis
<ul style="list-style-type: none">➤ Opening Balance➤ Credit Sales➤ B/R Dishonoured➤ B/R endorsed dishonoured	<ul style="list-style-type: none">➤ Cash collection➤ Sales returns➤ Discount allowed➤ Bad debts written off➤ B/R accepted➤ Closing balance