



Shiksha Mandal, Wardha's
G. S. College of Commerce & Economics, Nagpur

An Autonomous Institution

(Affiliated to Rashtrasant Tukadoji Maharaj Nagpur University)

Second Semester Bachelor of Business Administration Examination (CBCS)

FINANCIAL ACCOUNTING-II

(BBAC 2.1)

Time: 3 Hours

Maximum Marks: 80

Note: All Questions are compulsory.

Q.1 A) Shree Sai has a loss of profit insurance policy of ₹ 3,60,000 under which the period of indemnity is three months.

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His accounts for the year ended on 31st December 2018 show the sales at ₹ 28,00,000 and a net profit of ₹ 2,80,000. The standing charges debited in the accounts to arrive at the profit figures amounted to ₹ 14,000.

On 1st April, 2019 a fire occurred which resulted in a part suspension of his business activities. He presented the following data regarding sales figures:

| | 2018 (₹) | 2019 (₹) |
|--------|----------|----------|
| April | 2,60,000 | 60,000 |
| May | 2,80,000 | 1,00,000 |
| June | 2,72,000 | 1,20,000 |
| July | 2,88,000 | 1,80,000 |
| August | 3,20,000 | 2,40,000 |

The sales for the 12 months ended on 31st March, 2019 were ₹ 30,00,000. It is estimated that improved method of production since 1st January, 2019 would increase the profitability by 3% on sales in 2019.

Compute the amount of net claim under 'Loss of Profit Insurance'.

OR

B) A fire broke in the factory of Ganesh Traders on 17th October, 2018 and destroyed the stock of goods in their godown. The following information is available:

| | ₹ |
|--|----------|
| Opening stock on 1 st Jan, 2017 | 63,140 |
| Sales during the year 2017 | 7,00,000 |
| Purchases during the year 2017 | 3,66,400 |
| Purchases from 1 st Jan 2018 to 17 th Oct 2018 | 3,26,600 |
| Sales from 1 st Jan 2018 to 17 th Oct 2018 | 5,38,700 |
| Closing stock on 31 st Dec 2017 | 81,180 |

Other details are as follows:

- Theft took place in September 2018 and goods of sale value of ₹ 38,080 were stolen and lost but were not recorded in the books.
- Goods costing ₹ 10,410 were given away as free samples but no entries were passed.
- The goods saved from fire were subsequently sold by the firm for ₹ 35,200 at a loss of ₹ 2,400.

- d) The gross profit remains constant throughout.
- e) The sale of goods was insured for ₹ 76,200 and there was an average clause in the policy.
- f) The firm as a practice valued the stock of goods at 10% above cost.

Calculate the amount of claim.

Q.2 A) A business is carried on in three separate departments. Expenses not directly chargeable to any department are apportioned one – half to A, three – tenth to B, and one – fifth to C. From the following particulars, prepare Trading and Profit & Loss Account of the three departments (in columnar form) showing the gross and net profit, and the percentage thereof and of the totals, to outside turnover, exclusive of inter-departmental transactions. Stock on 1st Jan: A department ₹ 1,782; B ₹ 560; C ₹ 125; Stock in hand on 31st December: A Department ₹ 1,936; B ₹ 471; C ₹ 316. Outside sales for the year: A Department ₹ 11,174; B ₹ 5,613; C ₹ 4,851; Inter-departmental sales: A to B ₹ 904; A to C ₹ 482; B to A ₹ 1,126; B to C ₹ 219; C to A ₹ 348; Wages: A department ₹ 2,740; B ₹ 1,328; C ₹ 915; Outside Purchases : A Department ₹ 4,041; B ₹ 1,537; C ₹ 1,256; Salaries : A Department ₹ 945; B ₹ 572; C ₹ 416. Management salaries ₹ 1,200; Rent and taxes ₹ 1,460; Insurance ₹ 210; Vans expenses ₹ 870; Postage and telegrams ₹ 110; Bad debts : A ₹ 276; B ₹ 143; C ₹ 224; Sundry expenses ₹ 530; Depreciation written off ₹ 740; Stationery and printing ₹ 260; Advertising ₹ 450.

OR

B) Following are the particulars of two departments 'C' and 'D' of A Ltd:-

| Particulars | Dept 'C' (₹) | Dept 'D' (₹) |
|--------------------------------|--------------|--------------|
| Opening Stock | 10,000 | 7,000 |
| Purchases | 70,000 | 90,000 |
| Sales | 72,000 | 94,000 |
| Transfer to other department | 8,000 | 6,000 |
| Transfer from other department | 6,000 | 8,000 |

- a) Closing stock of 'D' department is ₹ 15,000 which goods worth ₹ 4,000 are such which were transferred by 'C' department.
- b) Closing stock of 'C' department is ₹ 16,000 in which goods worth ₹ 6,000 are such which were transferred by 'D' department.
- c) Opening stock of 'C' department includes goods of ₹ 800 which were transferred by 'D' department. Gross profit of 'D' department in the last year was 10%.
- d) Opening stock of 'D' department includes goods of ₹ 1,600 which were transferred by 'C' department. Gross profit of 'C' department in the last year was 25%.

Prepare departmental Trading and Profit and Loss Account and General Profit and Loss Account of 'A' Ltd. from the above particulars.

Q.3 A) From the following Receipts and Payments Account and Balance Sheet of a Charitable Institution and the further information supplied, prepare an Income and Expenditure Account for the year ended 31st December, 2018:

| Receipts | Amount (₹) | Payments | Amount (₹) |
|------------------------------|------------|--------------------------------|------------|
| To Balance b/d : | | By Charities | 10,000 |
| Cash 300 | | By Staff Salaries | 5,600 |
| Bank <u>7,400</u> | 7,700 | By Rent, three quarters | 1,200 |
| To Donations | 8,000 | By Postage & Stamps | 100 |
| To Subscriptions | 9,000 | By Electric installation | |
| To Endowment Fund Receipt | 10,000 | expenses | 275 |
| To Legacies | 5,000 | By Help to Needy | |
| To Grant from Government | 9,500 | Students | 5,000 |
| | | By furniture | 500 |
| | | By fixed deposits at 10% | |
| | | p.a. on 01/10/2018 | 20,000 |
| | | By Balance c/d: | |
| | | Cash 725 | |
| | | Bank 5,800 | 6,525 |
| | 49,200 | | 49,200 |

It was decided to treat one – half of the total amount received on account of donations as income. Subscriptions include ₹ 500 received on account of 2017 and ₹ 1,000 for life membership fees ₹ 300 were owing for staff salaries at the end of the year. The value of unused postage and stamps were ₹ 90 on 01/01/2018 and ₹ 95 on 31/12/2018.

OR

B) Following is the Income and Expenditure Account of the Navrang Dramatic Club for the year 2018:

Income & Expenditure Account
For the year ending 31st Dec., 2018

| Expenditure | Amount (₹) | Income | Amount (₹) |
|---|------------|-----------------------------------|------------|
| To Salaries & Wages | 9,500 | By Subscription | 15,000 |
| To Miscellaneous Exp (including insurance) | 1,000 | By Entrance Fees received | 500 |
| To audit fees | 500 | By Annual Sports Income : | |
| To chief Executive's Honorarium | 2,000 | Receipts 3000 | |
| To printing & stationery | 900 | (-) Expenses <u>1500</u> | 1,500 |
| To annual Day Celebration expenses 3,000 | | | |
| (-) Donations <u>2,000</u> | 1,000 | | |
| To interest on bank loan | 300 | | |
| To Depreciation on Sports Equipments | 600 | | |
| To excess of Income Over Expenditure | 1,200 | | |
| | 17,000 | | 17,000 |

Prepare Receipts and Payments Account for the year ending at December 2018 and a Balance Sheet as on that date from following particulars: ₹

- | | | |
|-------|---|-------|
| (i) | Subscriptions outstanding on 31/12/2017 | 1,200 |
| | Subscriptions received in advance on 31/12/2017 | 900 |
| | Subscriptions received in advance on 31/12/2018 | 540 |
| | Subscriptions outstanding on 31/12/2018 | 1,500 |
| (ii) | Salaries outstanding on 31/12/2017 | 800 |
| | Salaries outstanding on 31/12/2018 | 900 |
| (iii) | Auditors fees of 2018 was outstanding, but his fees of ₹ 400 for 2017 was paid in 2018. | |
| (iv) | Prepaid insurance on 31/12/2018 was ₹ 120. | |
| (v) | The club owned a sports ground of ₹ 20,000 after deducting depreciation, sports equipment on 31/12/2017 were of ₹ 5,200 and on 31/12/2018 were ₹ 5,400. | |
| (vi) | The club took a loan of ₹ 4,000 from a bank during the year 2017 which was not paid in 2018. | |
| (vii) | Cash in hand on 31/12/2018 was ₹ 3,200. | |

Q.4 A) M/s. Devidas Agencies of Pune sent consignment of 2000 boxes of dry fruits at invoice price to M/s Ram Traders, Amravati and paid railway freight ₹ 15,000, carting ₹ 4,000 and other expenses ₹ 30,000. The cost price per box is ₹ 500. The goods were charged at proforma invoice price so as to show a profit of ₹ 20% on sales. Consignee is entitled to a commission of 8% on total sales and 1½% del-credere commission on credit sales. He accepted a bill for ₹ 2,50,000 drawn by consignor. An Account sales was received by M/s Devidas Agencies from M/s Ram Traders informing as under:

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- | | | |
|-------|---|---------|
| (i) | 1400 boxes were sold for ₹ 8,20,000 out of which cash sales were ₹ 5,00,000. | |
| (ii) | Expenses incurred: | |
| | Advertisement | ₹ 8,500 |
| | Discount | ₹ 6,000 |
| | Other expenses | ₹ 3,500 |
| (iii) | Commission is charged as per terms, M/s Ram Traders sent a bank draft for ₹ 4,40,000 alongwith account sales. | |

Prepare consignment account in the books of M/s Devidas Agencies.

OR

B) Miss Laxmi consigned 1000 radio sets costing ₹ 900 each to Miss Devi, her agent on 1st July, 2018. Miss Laxmi incurred the following expenses on sending the consignment - Freight ₹ 7,650 and insurance ₹ 3,250. Miss Devi received the delivery of 950 radio sets. An account sale dated 30th November, 2018 showed that 750 sets were sold for ₹ 9,00,000 and Miss Devi incurred ₹ 10,500 for carriage. She was entitled to a commission of 6% on sales effected by her. She also incurred expenses amounting to ₹ 2,500 for repairing the damaged radio sets remaining in the inventories. Miss Laxmi lodged a claim with the insurance company which was admitted at ₹ 35,000.

Show consignment account and Miss Devi account in the books of Miss Laxmi.

- Q.5 Answer the following questions in about 75-100 words: (Any Two) 08
- A) Write a short note on Average clause in case of loss of stock.
 - B) What do you understand by loss of profit?
 - C) Explain the terms –
 - (i) Indemnity Period
 - (ii) Short Sales
- Q.6 Answer the following questions in about 75-100 words: (Any Two) 08
- A) Write any four advantages of departmental accounts.
 - B) Mention the basis on which the following expenses are generally allocated in departmental accounting –
 - (i) Advertisement expenses
 - (ii) Salary of factory manager
 - (iii) Depreciation
 - (iv) Insurance of goods
 - C) Write a brief note on inter-departmental transactions.
- Q.7 Answer the following questions in about 75-100 words: (Any Two) 08
- A) Mention any 4 points of differences between Income and Expenditure and Receipt and Payment Account.
 - B) Distinguish between Receipt & Payment Account and Cash Account.
 - C) Write any four features of Income and Expenditure Account.
- Q.8 Answer the following questions in about 75-100 words: (Any Two) 08
- A) Mention any four points of differences between Consignment and Sale.
 - B) Explain the terms –
 - (i) Ordinary Commission
 - (ii) Del-credere Commission
 - C) What do you understand by loading on goods sent on consignment? Explain with the help of an illustration.
- Q.9 Answer the following questions in about 3 to 4 sentences: 08
- A) What is standard turnover?
 - B) Give any 2 examples of expenses allocated in the ratio of sales of various departments.
 - C) What do you mean by non – profit organization?
 - D) What is an account Sales?
