



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) The premises of a merchant caught fire on 1st Nov. 2018 and his stock was damaged. The stock was fully insured. The merchant had made up account to 31st December each year. The following information was available.

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	₹
Stock on 31/12/2017	1,32,720
Stock on 31/12/2016	96,140
Purchases from 1/1/2018 to the date of fire	3,48,270
Purchases up to 31/12/2017	4,52,580
Sales up to 31/12/2017	5,20,000
Sales from 1/1/2018 to the date of fire	4,91,700

You are given further information:

- a) In May 2018 goods costing ₹ 10,000 were given away for advertising purpose but no entry being made in the books.
- b) During 2018 a clerk had appropriated an unrecorded cash sale of ₹ 4,000.
- c) The rate of gross profit is constant.
- d) The stock salvaged was agreed to be worth ₹ 3,000 and the expenses incurred to extinguish the fire ₹ 200.

From the above information make an estimate of stock on hand on the date of fire and prepare a statement showing the claim for loss of stock.

OR

B) A company was insured for consequential loss. A fire occurred on 31st March, 2018 and as a result there was diminished turnover, as compared with the corresponding months of the preceding year, of ₹ 20,000. The company was insured for a period which adequately covered the dislocation and no special factors existed.

The account for last accounting period of a year to 31st January 2018 showed a net profit of ₹ 4,000 after debiting standing charges (all insured) ₹ 6,000 and turn-over being ₹ 1,00,000. The company had taken a loss of profit policy of ₹ 4,800 and the turnover for the year immediately preceding the fire was ₹ 64,000.

Calculate the claim on average basis.

Q.2 A) In the month of January 2018, the following purchases were made by a business house having three departments

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Department A	1000 U.	}	at a total cost of ₹ 1,00,000.
Department B	2000 U.		
Department C	2400 U.		

Stock on 1st January were:

Department A 120 Units, Department B 80 Units and Department C 152 Units. The sales for the month were:

Department A	1020 units at ₹ 20 each
Department B	1920 units at ₹ 22.50 each
Department C	2496 units at ₹ 25 each

The rate of gross profit is the same in each case. Prepare departmental Trading Account.

OR

B) Simplex Ltd had 3 Departments A, B & C. The following information is provided.

	A	B	C
Opening Stock	3,000	4,000	6,000
Computation of Direct Material	8,000	12,000	-
Wages	5,000	10,000	-
Closing Stock	4,000	14,000	8,000
Sales	-	-	34,000

Stock of each Department are valued at cost to the Department concerned. Stocks of 'A' Department are transferred to 'B' Department at a margin of 50% above departmental cost. Stocks of 'B' Department are transferred to 'C' Department at a margin of 10% above Departmental Cost.

Other expenses were:

	₹
Salaries	2,000
Printing & Stationary	1,000
Rent	6,000
Interest paid	4,000
Depreciation	3,000

Allocate expenses in the ratio of Departmental Gross Profit. Opening figures of reserves for unrealized profits on Departmental Stock were:

Department B	-	₹ 1,000
Department C	-	₹ 2,000

Prepare Departmental Trading and Profit & Loss Account.

Q.3 A) Lalit Kala Kendra, Mumbai gives you the following information, for the year ended on 31/03/2013. You are required to prepare:

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i) Income and Expenditure Account for the year ending on 31/03/2013

Receipts and Payments Account for the year ending 31/03/2013

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d		By Stationary	500
Cash in hand	1,300	By Furniture purchased	5,000
Cash at bank	9,500	By Investments	10,000
To locker Rent	500	By Expenses of Drama	3,350
To Entrance Fees	1,900	By Postage and Telegram	250
To Sale of old newspapers	150	By Magazines and Newspapers	400
To Receipts from Drama	7,850	By Salaries	2,200
To Legacies	11,000	By Balance c/d	
To Miscellaneous Receipts	800	Cash in Hand	300
		Cash at Bank	11,000
	<u>33,000</u>		<u>33,000</u>

Additional information:

- 1) Capital fund on 01/04/2012 was ₹ 10,800.
- 2) Legacies are to be capitalized.
- 3) Outstanding salary ₹ 300.
- 4) 50% of entrance fees are to be capitalized.

OR

B) The following particulars relates to the Friends Sports Club.

Income & Expenditure A/c 31st March 2018

Expenses	Amount (₹)	Income	Amount (₹)
To Salaries	1,15,000	By Entrance fees	1,05,000
To Printing & Stationary	22,000	By Subscriptions	2,56,000
To Advertisement	16,000	By Rent	40,000
To Audit fee	5,000		
To Fire Insurance	10,000		
To Depreciation on sports equipment	90,000		
To Excess of Income over expenditure	1,43,000		
	<u>4,01,000</u>		<u>4,01,000</u>

Receipts and Payment A/c
For the year ended 31st March 18

Receipts	Amount (₹)	Expenses	Amount (₹)
To Balance b/d	42,000	By Salaries	1,10,000
To Entrance Fees	1,05,000	By Stationary	26,000
To Subscription:		By Advertisement	16,000
16-17	6,000	By Fire Insurance	12,000
17-18	2,50,000	By Investment	2,00,000
18-19	4,000	By Balance c/d	78,000
To Rent Received	35,000		
	<u>4,42,000</u>		<u>4,42,000</u>

The assets on 1st April, 17 included club Grounds and Pavilion ₹ 4,44,000. Sports Equipment ₹ 2,50,000 and Furniture ₹ 40,000. Subscription in attains on that date were ₹ 8,000.

Prepare Balance Sheet as at March 31st, 2018.

Q. 4 A) Somesh of Kolkata consigned 100 cases of candles to Shailesh of Baroda, which cost him ₹ 300 per case. He incurred the following cost: Packing ₹ 400. Carriage ₹ 200 and Railway Freight (Paid in Advance) ₹ 400. Some of the cases were damaged in transit and Shailesh took delivery of 90 cases only. Shailesh spent ₹ 100 for Carriage and ₹ 400 for Godown Rent and sold the consignment at ₹ 350 per case. He sent the net amount to Somesh after deducting his expenses and commission at the rate of 5% on the sale proceeds together with his account sales. Somesh also received ₹ 1,800 from the railway as damages. Show how the transaction would appear in the books of Somesh.

OR

B) A Cotton Mill at Ahmadabad sends regular consignments of cloth to messers Lal & Sons of Lucknow who are agents for selling the cloth at the risk of the Mill and are entitled to a commission of ₹ 10 per kg of cloth sold. This includes del-creder commission.

- Stock of cloth with agents at the beginning 20 kg costing ₹ 50,000.
- Total quantity of cloth consigned 1600 kg at ₹ 300 per kg. Total quantity of cloth sold 1500 kg at ₹ 375 per kg.

- Total remittances by the agents ₹ 5,10,000.
- Railway Freight paid by the agents ₹ 40,000.

Of the sales M/s Lal & Sons could not collect ₹ 11,000 due to insolvency of a customer. 50 kg of cloth was damaged by the railway for which the agents recovered ₹ 6,000. The damaged goods were sold at the rate of ₹ 150 per kg.

Record the transactions in the book of the Mill.

- Q.5 Answer the following questions in about 75-100 words: (Any Two) 08
- How is the loss of stock computed?
 - What do you mean by loss of Profit Insurance?
 - Explain Average Clause in Insurance.
- Q.6 Answer the following questions in about 75-100 words: (Any Two) 08
- What are the bases for the allocation of Common Expenses to different department of an organization?
 - Explain the procedure for the preparation of Departmental Accounts.
 - How the transfers of one Department to another are treated in Departmental Accounts?
- Q.7 Answer the following questions in about 75-100 words: (Any Two) 08
- State the difference between Receipts & Payment Account and Income & Expenditure Account.
 - What is Receipts and Payments Account?
 - What are the procedures to be adopted for the preparation of the Income & Expenditure A/c from a given Receipts & Payment A/c.
- Q.8 Answer the following questions in about 75-100 words: (Any Two) 08
- What is an Account Sale? How does it differ from an invoice?
 - How will you treat the bad debt when consignee does not get Del-Creder Commission?
 - What is Recurring and Non-Recurring Expenses?
- Q.9 Answer the following questions in 3-4 sentences. 08
- What is Indemnity Period?
 - What are Departmental Account?
 - What are the essential features of Receipts and Payment Account?
 - What do you understand by Del-Creder Commission?
