Q.5 i. Explain any two features of non-trading accounting. **2**

ii. Explain the difference between 'Income and Expenditure Account' and receipts and payment account **8**

OR iii. Following is the receipts and payment account of Lion club for the year ended on December 31, 2023: **8**

Receipts	Rs.	Payment	Rs.
To balance b/d Cash in hand Cash at bank	 4200 18900	By tournament expenses	2800
To subscription 2021-900 2022-36000 2023-1200	38100	By postage and telegram	2150
To life membership fees	4000	By upkeep of ground	6580
To legacies	3000	By sports equipment	7500
To interest on fixed deposit	900	By purchase of furniture	4600
To sale of furniture	900	By refreshment	5200
To sale of refreshment	6200	By books	3750
To entrance fees (40% capitalized)	5000	By balls	9200
To sale of old paper	600	By travelling expenses	8950
To locker rent	1100	By newspaper	1950
To grants from local authorities	2400	By advertisement	3500
To tournament fund	3000	By wages	9200
		By crockery	2100
		By entertainment	3600
		By balance Fixed deposit Cash at bank Cash in hand	 12000 4250 970
	88300		88300

Total No. of Questions: 6 *Total No. of Printed Pages:6*

Enrollment No......................................

Faculty of Commerce
End Sem Examination May-2024
CM3CO06 Financial Accounting -II

Programme: B.Com.(Hons.) Branch/Specialisation: Commerce

Duration: 3 Hrs. **Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

Q.1 i. Financial accountancy is governed by ______. **1**
(a) Local standards only
(b) International standards
(c) Local as well as international accounting standards
(d) Company's internal top management only

ii. When an asset is acquired on hire purchase system, the asset account is debited with ______ of the assets in the books of the hire purchaser. **1**
(a) Hire purchase price (b) Cash price
(c) Instalment price (d) None of these

iii. Branch trading & profit & loss a/c is prepared to incorporate all _____. **1**
(a) Revenue items (b) Capital items
(c) Asset items (d) Past items

iv. Departmental accounts are prepared to ascertain- **1**
(a) Departmental efficiency (b) Worker's efficiency
(c) Sales income (d) share value

v. Main account maintained by the consignor- **1**
(a) Consignment account (b) Goods sent on consignment account
(c) Consignee account (d) All of these

vi. The stock reserve for unrealised profit will be ______ to the profit & loss a/c. **1**
(a) Debited (b) Credited
(c) First credited then debited (d) None of these

vii. Items of expenditure and income which cannot be reasonably allocated to any particular department are taken in- **1**
(a) Debtor's book (b) Creditors book
(c) Balance sheet (d) General Profit and Loss Account

viii. The income and expenditure account start with- **1**
(a) Credit balance (b) No balance
(c) Debit balance (d) Liabilities

ix. Retirement and death of a partner- **1**
(a) Is dissolution of partnership agreement
(b) Is dissolution of a firm
(c) May or may not be a dissolution of partnership agreement
(d) None of these

x. Retirement/death of a partner will not be dissolution if- **1**
(a) Remaining partners are agreed on continuing it
(b) There is no consensus on future
(c) Deed does not specify anything on it.
(d) None of these

Q.2 i. Explain any two types of branches. **2**

ii. ABC Ltd. is a company that has its branch office in Chennai, India, and the following is the transaction between its branch and head office during the year January 2018 – to December 2019. In this example, the head office sends goods to the branch at the cost price. **8**

Opening stock at Branch as on January 1, 2018	= 1,000
Debtors as on January 1, 2018	= 2,000
Goods Sent to Branch by Head Office	= 10,000
Goods Returned by Branch to Head Office	= 50
Cash Sales	= 5,000
Cash Collected from Debtors	= 7,000
Salaries and Wages	= 60
Rent	= 150
Sundry Expenses	= 40
Closing Stock as of December 31, 2018	= 1,500
Debtors as of December 31, 2018	=1,000

Prepare Delhi branch account in the books of head office.

OR iii. Define branch accounting explain the features and debtor system of branch accounting. **8**

Q.3 i. Explain the objectives of departmental accounting. **2**

ii. Define departmental accounting. Explain the difference between departments and branch accounting. **8**

OR iii. M/s ABC carried on business as Departmental Stores in Calcutta. The partners A, B, C were in charge of Departments X, Y and Z respectively. The partners are entitled to a remuneration equal to 50 % of the profits (without taking the partners remuneration into consideration) of the respective departments of which they are in-charge and the balance of the profits are to be distributed among A, B and C in the ratio of 5:3:2. The following are balance of the revenue items in the books for the year 31.3.2023: **8**

Particular	X	Y	Z
Opening Stock	151560	96000	80000
Purchases	562800	332400	177600
Sales	720000	540000	360000
Closing stock	180320	69920	96360
Other revenue item			
Salaries	192000		
Discount allowed	5400		
Rents	43200		
Sundry expenses	48600		
Depreciation on furniture	3000		
Discount received	3200		
Advertisement	9000		

Prepare the Departmental trading, profit & loss account for the year ended 31.3.23

Q.4 i. Explain the various kinds of commission in consignment accounting. **2**

ii. Explain the journal entries in the books of consignor and consignee. **8**

OR iii. PCS traders of Durgapur consigned 300 boxes of goods to its Kanpur agent Sharma brothers @ Rs. 120 per box. PCS Traders incurred the following expenses for sending the goods: Packing: Rs. 1,200, Insurance: Rs. 900, Railway freight: Rs. 2,600 and loading charges: Rs. 150. Sharma took delivery of the consignment in due time and sent a draft of Rs. 16,000 to PCS Traders. It sold 250 boxes @ Rs. 210 per box and incurred the expenses: Unloading charges: Rs. 180, Clearing Rs. 720, Godown rent: Rs. 300, Selling and advertisement Rs. 700, Sundry expenses: Rs. 150 **8**
Sharma Brothers sent a draft together with the account sale for the amount due after charging their ordinary commission 5% and del credere 2% on the gross sales. You are required to show necessary accounts in the books of PCS Traders

ADDITIONAL INFORMATION

(a) Balance on January 1, 2023

Subscription outstanding Rs. 1,200

Subscription received in advance Rs. 800

Furniture Rs. 11,000

Sport equipment Rs. 13,000

Bats and balls Rs. 12,000

Stock of refreshment Rs. 900

(b) Value of furniture sold was Rs. 3,800

Depreciate furniture and equipment by 10 %

(c) Outstanding subscription on Jan 1, 2023, amounting to Rs. 100 prove bad and are to be written off

(d) Balance on December 31, 2023

Bats and balls: Rs. 13,200

Subscription outstanding for 2023 Rs. 1,850

Stock of refreshment Rs. 910

You are required to prepare income and expenditure account for the period ended on December 31, 2023 and balance sheet as on December 31 2023.

Q.6 Attempt any two:

i. Explain the various methods of valuation of goodwill. **5**

ii. Ravi and Krishna are partner in firm. the partnership deed provides the following: **5**

(a) Interest on fixed capital @ 9% P.A.

(b) Interest on drawing @ 12% P.A. in excess of drawings made by Ravi and Krishna Rs. 6000 and Rs. 4000

(c) Salary Rs. 1000 and Rs. 750 pm for Ravi and Krishna.

(d) First Rs. 18000 of the divisible profit will be distributed in the ratio of their fixed capital contribution and balance of the divisible profit will be distributed in the ratio of 4:3.

The net profit disclosed by their profit and loss account during the year was Rs. 72000 their drawings were Rs. 15000 and Rs. 9000. Their capital and current account balances on 1 Jan 2023 were-

	Capital account	Current account
Ravi	1,00,000	8000 (Cr.)
Krishna	80,000	3000 (Cr.)

You are required to prepare profit and loss appropriation account, capital accounts and current accounts of the partners for the year ended-on December 31 2023.

iii. Mr. M and Mr. Q are partners sharing profits and in the ratio of 4:3. Mr. R was admitted as a third partner. Goodwill valued for the purpose of admission is Rs 24,000. Give necessary journal entries if the new profit-sharing ratio is 3:3:2 for the following cases: **5**

(a) Mr. R failed to pay anything for goodwill.

(b) Goodwill was raised at first and then written off after Mr. R's admission.

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Scheme of Marking

MEDI-CAPS UNIVERSITY Knowledge is Power	Faculty of Commerce End Sem Examination May-2024 Financial Accounting -II (T) - CM3CO06 (T)
	Programme: B.Com. | Branch/Specialisation:

Note: The Paper Setter should provide the answer wise splitting of the marks in the scheme below.

Q.1	i)	c)local as well as international accounting standards	**1**
	ii)	b) Cash price	**1**
	iii)	a) Revenue items	**1**
	iv)	a) departmental efficiency	**1**
	v)	d)all of these	**1**
	vi)	d) Not shown	**1**
	vii)	d)General Profit and Loss Account	**1**
	viii)	No balance	**1**
	ix)	a) is dissolution of partnership agreement	**1**
	x)	a) remaining partners are agreed on continuing it	**1**
Q.2	i.	Each type 1 marks	2
	ii.	P/L – 3300 & Debtors bal – 3000	8
	iii.	Define – 1, features – 3.5 & Debt. syst. 3.5	8
OR	iv.		
Q.3	i.	Objectives – 2*1	2
	ii.	Define – 2, Difference – 6 marks	8
OR	iii.	GP – 228760, 183920, 143560	8
		P/L – 127760, 29320, 41160	
Q.4	i.	Commission	2
	ii.	Consignor – 4 & consignee 4	8
OR	iii.	P/L – 12823	8
Q.5	i.	Features – 2*1	2
	ii.	Difference – 8*1	8
OR	iii.	Capital fund – 60400	8

Q.6			
	i.	Methods	5
	ii.	P/L – Ravi – 20060 Kishan 15560	5
	iii.	Journal entries each 2.5	5

******

10:18 4G

WallStreetMojo

- Sundry Expenses = 40
- Closing Stock as of December 31, 2018 = 1,500
- Debtors as of December 31, 2018 =1,000

Q 2 (ii)

Solution

In the Book of ABC Ltd.
Delhi Branch Account

Particulars		In $	Particulars	In $
To Balance B/d			By Cash Sales	5000
Stock		1000	By Collection from Debtors	7000
Debtors		2000	By Goods Returned to HO	50
To Goods Sent to Branch A/c		10000		
To Bank A/c		250	By Balance C/d	
Salaries and Wages	60		Stock	1500
Rent	150		Debtors	3000
Sundry Expenses	40			
To Profit & Loss A/c		3300		
		16550		**16550**

Branch Debtors Account

Particulars	In $	Particulars	In $
To Balance B/d	2000	By Collection from Customer	7000
To Credit Sales	8000	By Balance C/d	3000
	10000		**10000**

Example #2

Here, the head office sends goods at invoice price, which includes a profit of 20% on invoice price and all branch expenses paid by HO. To ascertain the branch profit, adju

A/c.

Q 3(iii)

Solution 4

In the books of M/S ABC							
Departmental trading and Profit& Loss Account for the year 31-03-1994							
Dr							**Cr**
Particulars	**Dept. X (₹)**	**Dept. Y (₹)**	**Dept. Z (₹)**	**Particulars**	**Dept. X (₹)**	**Dept. Y (₹)**	**Dept. Z (₹)**
To opening Stock	151560	96000	80000	By Sales	720000	540000	360000
To Purchases	562800	332400	177600	By Dept Z	42800		
To Dept Z			42800	By Dept Z		2400	
Dept X			2400				
DeptY				By Closing Stock	180320	69920	86360
To Gross Profit c/d	228760	183920	143560				
Total	**943120**	**612320**	**446360**	**Total**	**943120**	**612320**	**446360**
				By Gross Profit b/d	228760	183920	143560
To Salaries & Wages	64000	64000	64000	By Discount Received	1600	1000	600
To Rent	9600	9600	24000				
To Depreciation	1000	1000	1000				
To Discount Allowed	2400	1800	1200				
To Advertising	4000	3000	2000				
To sundry Expenses	21600	16200	10800				
To General P&L	127760	89320	41160				
Total	**230360**	**184920**	**144160**	**Total**	**230360**	**184920**	**144160**

Q4 (iii)

Solution:

In the books of PCS Traders
Consignment to Kanpur Account

Dr.		Rs.		Cr. Rs.
To Goods Sent on Consignment A/c		36,000	By Sharma Brothers: Sales	52,500
To Bank: (expenses):			By Consignment stock/ stock with consignee	6,958
Packing	1,200			
Insurance	900			
Railway freight	2,600			
Loading charges	150	4,850		
To Sharma Brothers:				
Unloading charges	180			
Clearing and cartage	720			
Godown rent	300			
Selling and advertisement	700			
Sundry expenses	150	2,050		
To Sharma Brothers:				
Ordinary commission	2,625			
Del credere commission	1,050	3,675		
To Profit and Loss A/c:				
Profit on consignment transferred		12,883		
		59,458		59,458

Sharma Brothers Account

Dr.		Rs.		Cr. Rs.
To Consignment to Kanpur A/c: Sales		52,500	By Bank	16,000
			By Consignment to Kanpur A/c: Expenses	2,050
			By Consignment to Kanpur A/c: Commission	3,675
			By Bank (balancing figure)	30,775
		52,500		52,500

Goods sent on Consignment Account

Dr.		Rs.		Cr. Rs.
To Trading A/c: Transfer		36,000	By Consignment to Kanpur A/c	36,000
		36,000		36,000

Working Note:

Valuation of unsold stock:

		Rs.
Cost of 50 boxes @ Rs. 120 per box		6,000
Add: Proportionate expenses:		
Packing	1,200	
Insurance	900	

	2,600	
Railway freight	150	
Loading charges	180	
Unloading charges	720	
Clearing and cartage	5,750	
Rs. 5,750/300 × 50		958
		6,958

Example 16.2 Ashok Taru Traders of Kolkata consigned 900 cases of goods to its agent

To Sale of refreshments		6,200	By Wages and salaries		9,200
To Entrance fees		5,000	By Crockery		2,100
(40% capitalized)			By Entertainment		3,600
To Sale of old papers		600	By Balance c/d:		
To Locker rent		1,100	Fixed deposits		12,000
To Grants from local authorities		2,400	Cash at bank		4,250
To Tournament fund		3,000	Cash in hand		970
		88,300			88,300

Additional information:

(a) Balance on January 1, 1993:
Subscription outstanding: Rs. 1,200
Subscription received in advance: Rs. 800
Furniture: Rs. 11,000
Sport equipment: Rs. 13,000
Bats and balls: Rs. 12,000
Stock of refreshments: Rs. 900

(b) Value of furniture sold was Rs. 3,800
Depreciate furniture and equipment by 10%

(c) Outstanding subscriptions on January 1, 1993 amounting to Rs. 100 prove bad and are to be written off.

(d) Balance on December 31, 1993:
Bats and balls: Rs. 13,200
Subscriptions outstanding for 1993: Rs. 1,850
Stock of refreshment: Rs. 910

You are required to prepare Income and Expenditure Account for the period ended on December 31, 1993 and balance sheet as on December 31, 1993.

Q 5(iii)

Solution:

Income and Expenditure Account of Burdwan Lions Club for the year ended on December 31, 1993

Dr. *Cr.*

Expenditure		Rs.	*Income*		Rs.
To Postage and telegram		2,150	By Subscription	36,000	
To Upkeep of grounds		6,580	*Add:* Subscription received		
To Travelling expenses		8,950	in advance	800	
To Newspaper and periodicals		1,950	(Jan. 1, 1993)	36,800	
To Advertisement		3,500	*Add:* Subscription outstanding		
To Wages and salaries		9,200	on Dec. 31, 1993	1,850	38,650
To Entertainment		3,600	By Interest on F/D		900
To Refreshment used		5,190	By Sale of refreshment		6,200
To Bats and balls used		8,000	By Entrance fees		3,000
To Loss on sale of furniture			By Sale of old papers		600
(3,800 – 900)		2,900	By Locker rent		1,100
To Subscription written off		100	By Grant from local authorities		2,400
To Depreciation:			By Excess of expenditure		
On furniture	1,180		over income		2,500
On sports equipments	2,050	3,230			
		55,350			55,350

Balance Sheet of Burdwan Lions Club as on January 1, 1993

		Rs.			Rs.
Subscription received in advance		800	Cash in hand		4,200
Capital fund (balancing)		60,400	Cash at bank		18,900
			Subscription outstanding		1,200
			Stock of refreshment		900
			Bats and balls		12,000
			Sports equipments		13,000
			Furniture		11,000
		61,200			61,200

Balance Sheet of Burdwan Lions Club as on December 31, 1993

		Rs.			Rs.
Capital fund	60,400		Furniture	11,000	
Less: Excess of expenditure			*Add:* Purchase	4,600	
over income	2,500			15,600	
	57,900		*Less:* Sold	3,800	
Add: Entrance fees	2,000	59,900		11,800	
Life membership fees		4,000	*Less:* Depreciation	1,180	10,620
Legacies		3,000	Sports equipments	13,000	
Tournament fund	3,000		*Add:* Purchase	7,500	
Less: Tournament expenses	2,800	200		20,500	
Subscription received in			*Less:* Depreciation	2,050	18,450
advance		1,200	Books		3,750
			Bats and balls		13,200
			Crockery		2,100
			Stock of refreshments		910
			Outstanding subscriptions:		
			for 1992	200	
			for 1993	1,850	2,050
			Fixed deposits		12,000
			Cash at bank		4,250
			Cash in hand		970
		68,300			68,300

Working Notes:

1. Calculation of refreshments used:

Opening stock	900
Add: Purchases	5,200
	6,100
Less: Closing stock	910
Used =	5,190

2. Calculation of bats and balls used:

Opening balance	12,000
Add: Purchases	9,200
	21,200
Less: Closing stock	13,200
Bats and balls used =	8,000

8 (ii)

Solution:

In the books of Ravi and Kishan Profit and Loss Appropriation Account for the year ended on December 31, 1993

Dr.		Rs.			Cr. Rs.
To Interest on capital:			By Profit and Loss A/c:		
Ravi	9,000		Net profit		72,000
Kishan	7,200	16,200	By Interest on drawings:		
To Salaries:			Ravi	540	
Ravi	12,000		Kishan	300	840
Kishan	9,000	21,000			
To Share of profit:					
Ravi	20,080				
Kishan	15,560	35,640			
		72,840			72,840

Capital Account

Dr.	Ravi (Rs.)	Krishan (Rs.)	Cr.	Ravi (Rs.)	Kishan (Rs.)
Dec. 31, 1993			Jan. 1, 1993		
To Balance c/d	1,00,000	80,000	By Balance b/d	1,00,000	80,000
	1,00,000	80,000		1,00,000	80,000
			Jan. 1, 1994		
			By Balance b/d	1,00,000	80,000

Current Account

Dr.	Ravi (Rs.)	Kishan (Rs.)	Cr.	Ravi (Rs.)	Kishan (Rs.)
Dec. 31, 1993			Jan. 1, 1993		
To Drawings	15,000	9,000	By Balance b/d	8,000	3,000
To Interest on drawings	540	300	Dec. 31, 1993		
To Balance c/d	33,540	25,460	By Interest on capital	9,000	7,200
			By Salaries	12,000	9,000
			By Share of profit	20,080	15,560
	49,080	34,760		49,080	34,760
			Jan. 1, 1994		
			By Balance b/d	33,540	25,460

Working Notes:

1. Calculation of interest on drawings:
   As the specific date of drawings is not given, it is calculated on average basis, i.e. for six months.
   Ravi: On Rs. (15,000 – 6,000), i.e. Rs. 9,000 at 12% for six months
   = Rs. 9,000 × 12/100 × 6/12 = Rs. 540.
   Kishan: = On Rs. (9,000 – 4,000), i.e. Rs. 5,000 at 12% for six months
   = Rs. 5,000 × 12/100 × 6/12 = Rs. 300.

2. Distribution of distributable profits:

	Ravi	Kishan
	Rs.	Rs.
First Rs. 18,000 distributed in the ratio of 5:4	10,000	8,000
Balance Rs. 17,640 distributed in the ratio of 4:3	10,080	7,560
	20,080	15,560

Q 6(iii)

Example 22.8 Mr. M and Mr. Q are partners sharing profits and in the ratio of 4:3. Mr. R was admitted as a third partner. Goodwill valued for the purpose of admission is Rs. 24,000. Give necessary journal entries if the new profit-sharing ratio is 3:3:2 for the following cases:

(a) Mr. R failed to pay anything for goodwill.
(b) Goodwill was raised at first and then written off after Mr. R's admission.
(c) Mr. R paid his required premium.
(d) Mr. R paid his premium privately.
(e) They adjusted their goodwill through their Capital Accounts without showing Goodwill Accounts in the books.

Solution:

Journal Entries

				Rs.	Rs.
(a)		Goodwill A/c	Dr.	24,000	
		To Mr. M's Capital A/c			13,714
		To Mr. N's Capital A/c			10,286
		(goodwill raised in its full value and distributed in old ratio as the new partner fails to bring his share of goodwill)			
(b)	(i)	Goodwill A/c	Dr.	24,000	
		To Mr. M's Capital A/c			13,714
		To Mr. N's Capital A/c			10,286
		(goodwill raised in its full value)			
	(ii)	Mr. M's Capital A/c	Dr.	9,000	
		Mr. N's Capital A/c	Dr.	9,000	
		Mr. R's Capital A/c	Dr.	6,000	
		To Goodwill A/c			24,000
		(goodwill written off in new profit-sharing ratio i.e. 3:3:2)			
(c)	(i)	Cash A/c	Dr.	6,000	
		To Mr. R's Capital A/c			6,000
		(cash brought in by Mr. R as his share of premium, i.e. ($^2/_8$) of Rs. 24,000)			
	(ii)	Mr. R's Capital A/c	Dr.	6,000	
		To Mr. M's Capital A/c			4,714
		To Mr. N's Capital A/c			1,286
		(Mr. R's premium distributed between the old partners according to their sacrificing ratio, i.e. 11:3) (See Working Note)			