

Faculty of Commerce

End Semester Examination May 2025

CM3CO06 Financial Accounting -II

Programme	:	B.Com. (Hons.)	Branch/Specialisation	:	-
Duration	:	3 hours	Maximum Marks	:	60

Note: All questions are compulsory. Internal choices, if any, are indicated. Assume suitable data if necessary.
 Notations and symbols have their usual meaning.

Section 1 (Answer all question(s))

Q1.	Which account is prepared to find out the amount of closing stock:	Marks CO BL		
		1	1	2
Q2.	Branch account under debtor system is:			
	<input type="radio"/> Head Office A/c	<input type="radio"/> Branch A/c		
	<input checked="" type="radio"/> Memorandum Stock A/c	<input type="radio"/> None of these		
Q3.	Local taxes are allocated in different departments:			
	<input type="radio"/> Time basis	<input type="radio"/> Sales basis		
	<input checked="" type="radio"/> On the basis of area occupied by each department	<input type="radio"/> None of these		
Q4.	Interest on loan is shown in the:			
	<input type="radio"/> Departmental trading A/c	<input type="radio"/> Departmental P & L A/c		
	<input checked="" type="radio"/> General P & L A/c	<input type="radio"/> None of these		
Q5.	Member of parties of consignment account are:			
	<input checked="" type="radio"/> 2	<input type="radio"/> 3		
	<input type="radio"/> 4	<input type="radio"/> 10		
Q6.	Del-credere commission is calculated on:			
	<input checked="" type="radio"/> Total sales	<input type="radio"/> Cash sales		
	<input type="radio"/> Credit sales	<input type="radio"/> None of these		
Q7.	Donation received for specific purpose will be shown in:			
	<input type="radio"/> Income and Expenditure A/c	<input checked="" type="radio"/> Liabilities side of Balance Sheet		
	<input type="radio"/> Assets side of Balance Sheet	<input type="radio"/> None of these		
Q8.	In a Not-for-Profit organisation, excess of over expenditure is called:			
	<input type="radio"/> Profit	<input type="radio"/> Loss		
	<input type="radio"/> Deficit	<input checked="" type="radio"/> Surplus		
Q9.	On the retirement of a partner, the remaining partners generally compensate the retiring partner for:			
	<input type="radio"/> His share of future profits	<input checked="" type="radio"/> His share of goodwill		
	<input type="radio"/> His share of drawings	<input type="radio"/> His share of salary		
Q10.	The amount due to the retiring partner is transferred to which account until it is paid off?			
	<input type="radio"/> Capital account	<input type="radio"/> Revaluation account		
	<input checked="" type="radio"/> Loan account	<input type="radio"/> Profit and Loss account		

Section 2 (Answer all question(s))

Marks CO BL

Q11. What do you mean by Inter branch transactions? Which method is best for such transactions?

2 1 2

Rubric	Marks
Meaning and explanation carry each 1 mark	2

Q12. Malhotra of Mumbai has a branch in Indore. Prepare Indore Branch Account in the books of Malhotra from the following particulars:

Particulars	₹	₹
Opening Stock 1.4.2024		8,000
Goods supplied to Branch		80,000
Expenses paid by Head Office:		
Wages	500	2,000
Salaries	600	
Other Expenses	900	
Expenses paid by the Branch:		
Petty expenses	300	800
Carriage	500	
Cash Sales by branch		1,10,000
Petty Cash on 31st March, 2025		500
Closing Stock on 31st March, 2025		3,000

Rubric	Marks
General P& L = 22,200	3

Q13. (a) Distinguish between branch accounts and department accounts.

5 1 4

Rubric	Marks
Each differences carry 1 one marks	5

(OR)

(b) Singhal and Company of Punjab has their Branch at Kanpur which sells goods for cash only. The following are the transactions between the Head Office and Branch Office for the year ending 31st March, 2025:

Particulars	₹	₹
Opening Stock 1.4.2024		20,000
Goods supplied to Branch		50,000
Cash sent to Branch for:		
Rent	200	300
Other Expenses	100	
Cash received from Branch during the year		60,000
Closing Stock at 31st March, 2025		15,000
Closing Balance of Petty Cash		10

From the above information, pass the necessary Journal Entries and prepare Kanpur Branch Account and other necessary accounts in the books of Head Office.

Rubric	Marks
Net Profit = 4,710	5

Section 3 (Answer all question(s))

Marks CO BL

Q14. Describe the objects of departmental accounts.

2 2 4

Rubric	Marks
each objects carry 1 marks	2

Q15. (a) Shyam, the proprietor of a departmental store (containing three departments named A, B, and C) decided to calculate separate profit for his departments for the Month of March 2025. Stock on 31st March could not be valued for certain unavoidable reasons but his rates of gross profits on sales for the A, B and C departments are 40%, 30% and 20% respectively. The following information is given:

	Departments		
	A	B	C
	₹	₹	₹
Stock on 1.3.2025	9,000	8,400	12,000
Salary	5,490	8,520	12,220
Purchases	27,000	21,600	90,000
Sales	42,000	36,000	1,02,000

Indirect expenses for whole business of all three Departments are ₹ 10,800, out of this 1/6th of the whole are to be divided in all the three departments in proportion to 3:1:1 respectively and the balance of Indirect expenses is to be charged in the proportion to departmental sales. Prepare Trading and Profit & Loss Account for the departments A, B, C.

Rubric	Marks
G. P = A = 16,800 B= 10800 C=20,400 carry 4 mark N.P = A = 8,130 B= 120 C= 2720 carry 4 mark	8

(OR)

(b) What is departmental accounts? How departmental accounting is maintained? Explain the rules regarding allocation of expenses.

Rubric	Marks
What is Departmental Accounts? = 2 marks How Departmental Accounting is maintained?= 3 marks Explain the rules regarding allocation of expenses.= 3 marks	8

Section 4 (Answer all question(s))

Marks CO BL

Q16. On 1st April, 2024, Mr. Ram of Mumbai consigned 500 toys at the rate of 350 to Mr. Krishna of Agra and incurred following expense on consignment: Cartage ₹ 500, Freight 2,000 and Insurance ₹2,500. The expenses incurred by Mr. Krishna were cartage ₹ 1,500, unloading ₹ 1,000 and ₹2,500 for godown rent. On 31st March, 2025, an account sale was received from Krishna showing 450 toys were sold at ₹ 1,000 per toy and 50 toys remained unsold. As per agreement 5% commission on sales will be payable to Krishna. Prepare Consignment A/c showing valuation of consignment stock.

Rubric	Marks
P & L = 2,83,250 Consignment stock=18,250	3

Q17. (a) What do you understand by consignment? What is the difference between sale and consignment?

7 3 2

Rubric	Marks
What do you understand by consignment? = 2 mark difference between sale and consignment (each difference carry 1 mark) = 5 mark	7

(OR)

(b) Madhav consigned 1,000 radio sets costing 900 each to Govind, on 1st Oct., 2024. Madhav incurred the following expenditure on sending the consignment: Carriage 650, Freight ₹7,000 and Insurance ₹3,250. Govind received the delivery of 950 radio sets and remaining sets were lost in transits. On account of sale dated 29th Feb., 2025 showed that 750 sets were sold for ₹ 9,00,000 and Govind incurred 3,000 for carriage and ₹7,500 for custom duty at the time of taking the delivery.

Govind was entitled to a commission @ 6% on the sales effected by him. He incurred expenses amounting to 2,500 for repairing the damaged sets remaining in the stock. Madhav lodged a claim with insurance company which was admitted at ₹35,000.

Show the necessary journal entries in the books of Madhav and prepare Consignment Account under both the methods.

Rubric	Marks
P &L = 1,52,036 = 3.5 mark Consignment stock = 1,84,391= 3.5 mark	7

Section 5 (Answer all question(s))

Marks CO BL

Q18. From the undermentioned Receipts and Payments Account for the year ended March 31, 2025 of Kasturi's Club, prepare Income and Expenditure Account for the same period:

Receipts and Payments Account (for the year ended March 31, 2025)

Dr.		Cr.	
Expenditure	Amount (Rs.)	Income	Amount (Rs.)
To Balance c/d: Bank	25,000	By Purchase of furniture (1.7.2024)	5,000
To Subscriptions:		By Salaries	2,000
2023-24 - 1,500		By Telephone expenses	300
2024-25 - 10,000		By Electricity charges	600
2025-26 - 500	12,000	By Postage and Stationery	150
To Donation	2,000	By Purchases of books	2,500
To Hall rent	300	By Entertainment expenses	900
To Interest on bank deposits	450	By Purchases of 5% government papers (1.9.2024)	8,000
To Entrance fees	1,000	By Miscellaneous expenses	600
		By Balance c/d:	
		Cash	300
		Bank	20,400
	40,750		40,750

The following additional information is available:

Salaries outstanding 1,500

Entertainment expenses outstanding 500

Bank interest receivable 150

Subscriptions accrued 400

50 per cent of entrance fees is to be capitalized.

Furniture is to be depreciated at 10 per cent per annum.

Rubric	Marks
Bal c/d cash = 300 Bal c/d bank = 20,400	4

Q19. (a) Prepare an imaginary receipts and payment account of a club.

6 4 4

Rubric	Marks
As per explanation	6

(OR)

(b) As per Receipts and Payments Account for the year ended on March 31, 2025, the subscriptions received were Rs. 2,50,000. Additional information given is as follows:

- Subscriptions Outstanding on 1.4.2024; ₹50,000
- Subscriptions Outstanding on 31.3.2025; ₹35,000
- Subscriptions Received in Advance as at 1.4.2024; ₹25,000
- Subscriptions Received in Advance as at 31.3.2025; ₹30,000

Ascertain the amount of income from subscriptions for the year 2024-25 and show how relevant items of subscriptions appear in opening and closing Balance Sheets.

Rubric	Marks
Subscription current year = 2,30,000 = 3 mark Subscription account = 3,10,000 (Total) = 3 mark	6

Section 6 (Answer any 2 question(s))

Marks CO BL

Q20. A and B are partners sharing profits and losses in the ratio of 3:2. C is admitted as a partner and is to be given $\frac{1}{10}$ th share of profits. C has to bring Rs. 40,000 as Capital and his share of goodwill. The goodwill of the firm is valued at Rs. 50,000. The old partners withdraw full amount of goodwill. Give journal entries.

5 5 4

Rubric	Marks
Journal entries (each 1 mark) = 3 mark	5
Sacrifice ratio = A:B = 3:2 = 1 mark	
Profit sharing ratio = A:B = 27/50:18/50 = 1 mark	

Q21. Why is the Revaluation Account prepared at the time of a partner's retirement?

5 5 2

Rubric	Marks
As per explanation	5

Q22. A, B and C were partners in a firm sharing profits in the ratio of 5:3:2. On the 15th March, 2025, A died and the new profit-sharing ratio of B and C was equal. On A's death the goodwill of the firm was valued at Rs. 50,000. Calculate the gaining ratio and pass necessary journal entry on A's death for the treatment of goodwill without opening goodwill account.

5 5 4

Rubric	Marks
Gaining ratio = A:B = 2:3 = 2 mark Treatment of goodwill = A,B,C = 25000,10000,15000 = 2 mark Journal entry = 1 mark	5
