



WEST BENGAL STATE UNIVERSITY
B.Com. Honours 3rd Semester Examination, 2020, held in 2021

FACACOR07T-B.Com. (CC7)

FINANCIAL ACCOUNTING-II

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.
Candidates should answer in their own words as far as practicable
All symbols are of usual significance.*

GROUP-A

Answer any two questions

10×2 = 20

1. A and B are two partners sharing profit and losses in the ratio of 3:2. On 31.12.2019 their capital accounts stood at Rs. 55,000 and Rs. 45,000 respectively after distribution of net profit of Rs. 15,000 and due consideration of drawings of the partners for Rs. 6,000 and Rs. 4,000 respectively. After closing the books following discrepancies were discovered:
 - (i) An item in the inventory was valued at Rs. 12,800 but had a realistic value of Rs. 8,300.
 - (ii) Rs. 2,400 paid for insurance premium for the year ending on 31.3.2020 had been debited to profit and loss account.
 - (iii) Interest on capital at 5% on partners' capital as at the beginning of the year and interest on drawings of partners at 8% p.a. were left out of consideration.
 Ascertain the correct net profit of the firm and redistribute the profit by preparing a profit and loss of appropriation account and determine the balance of partners' capital accounts.

2. Ram, Rahim and Joseph are partners sharing profits and losses as 5:3:2. Their Balance Sheet on 31st March, 2020 is as follows :

Liabilities	Rs.	Rs.	Assets	Rs.
Capital A/cs:			Building	20,000
Ram	8,000		Machinery	12,000
Joseph	2,400		Furniture	6,400
		10,400	Stock	8,000
Ram's Loan		8,000	Debtors	6,800
Creditors		40,000	Rahim's Capital	5,200
		58,400		58,400

As all the partners are declared insolvent the firm is dissolved. Rs. 24,000 is realized from the sale of all assets. Realisation expenses are Rs. 1,200. A sum of Rs. 2,000 is received from Rahim, but Ram and Joseph are unable to contribute anything.

Prepare necessary accounts for dissolution of the firm.

3. Shri Kaushik sales two products manufactured in his two factory. The goods are made in two departments A and B for which separate set of accounts are maintained some of the manufacturing goods of department A are used as raw material of department B and vice versa. From the following particulars you are required to ascertain the total cost of goods manufactured in department A and B:

	Department A	Department B
Total Units Manufactured	1000000	500000
Total Cost Of Manufacturing	Rs. 10000	Rs. 5000

Department A transferred 250000 units to department B and the latter transferred 100000 units to the former.

4. A manufacturer purchases a plant for Rs. 22,730 on the instalment payments system. The first payment is to be made at the time of taking delivery of the plant and entire payment is to be completed by four more equal annual payments. The vendor charges interest at 5% per annum. Assuming depreciation to be charged at 10% per annum on the reducing instalment plan, draw up the Plant Account and the Vendors Account in the books of the manufacturer. The present value of Re 1 paid at the beginning of each year for 5 years at 5% per annum is Rs. 4.5460.
5. Sun Ltd. invoices goods to its Patna branch at cost plus 20%. The Patna branch also purchases independently for which payments are made by Head Office. All cash collected by the branch is banked on the same day to the credit of the Head Office.

All expenses are directly paid by the Head Office except petty expenses for which a petty cash account is maintained by the branch to which periodical transfers are made from the Head Office.

From the following particulars show the Branch Account in the books of Head Office for the year ended 31-12-2020 :

	Stock on 1-1-2020 Rs.	Stock on 31-12-2020 Rs.
Transfer from Head Office at invoice price	60,000	45,000
Directly purchased from local market	35,000	25,000
		Rs.
Imprest Cash on 1-1-2020		5,000
Imprest Cash on 31-12-2020		4,600
Sundry Debtors as on 1-1-2020		75,000
Cash Sales	...	1,12,500
Credit Sales	...	3,12,500
Direct Purchase	...	1,12,500
Returns from customers	...	7,500
Goods sent to branch at invoice price	...	1,50,000
Bad debt	...	4,000
Discount to Customers	...	3,500
Cash received from customers	...	3,00,000
Transfer from Head Office for Petty Cash Expenses	...	6,250
Other Expenses at branch	...	7,500

6. What do you mean by investment accounting? Explain with example cum-dividend, ex-dividend, cum-interest and ex-interest.

2+8

GROUP-B**Answer any two questions**

15×2 = 30

7. A, B and C were in partnership, their respective shares being 2:1:1. The following was their Balance Sheet on 31-03-2020 on which date they decided to dissolve the firm :

Liabilities	Rs.	Rs.	Assets	Rs.
Partners' Capitals :			Machinery	72,000
A	96,000		Furniture	50,000
B	80,000		Stock	80,000
C	60,000		Debtors	1,20,000
		2,36,000	Cash	34,000
Loan from B		22,000		
Loan from Bank (secured by pledge of stock)		60,000		
Income tax payable		8,000		
Creditors		30,000		
		3,56,000		3,56,000

Additional Information :

- (i) Bank could realize only Rs. 50,000 on disposal of stock.
(ii) A sum of Rs. 6,000 was spent on machinery for getting better price.
(iii) All assets except stock were realized as follows :
April, 2020 – Rs. 24,000; May, 2020 – Rs. 30,000; June, 2020 – Rs. 20,000;
July, 2020 – Rs. 60,000; and August, 2020 – Rs. 70,000.

The partners distributed cash as and when available. Show the distribution of Cash.

8. A, B and C were partners profits and losses in the ratio of 3:2:1. Their balance sheet as on 31.3.2020 stood as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	12,500	Cash at bank	1,500
General reserve	18,000	Debtors	15,000
Capital accounts:		Less: Provision	<u>1,500</u>
A 40,000		Stock	12,500
B 21,000		Joint Life Policy	8,000
C <u>20,000</u>	81,000	Office Equipments	14,000
		Furniture	12,000
		Building	50,000
	1,11,500		1,11,500

B retires on 1.4.2020 subject to the following conditions:

- (i) A typewriter purchased on 1.10.2019 for Rs. 2,000, debited to office expenses account, is to be brought into account charging depreciation at the rate of 10% p.a.

- (ii) Building is revalued at Rs. 75,000. Furniture is to be written down by Rs. 2,000 and stock is reduced to Rs. 10,000.
- (iii) Provision for bad debts is to be calculated at 5% on debtors.
- (iv) Goodwill of the firm is valued at Rs. 18,000 but no goodwill account is to be raised.
- (v) Life policy is to be shown at surrender value. The surrender value is Rs. 7,500.
- (vi) Amount due to B is to be transferred to his loan account.
- (vii) A and C will share profits and losses in the ratio of 2:1 and their capital accounts are to be adjusted in profit sharing ratio.

You are required to prepare revaluation account, partners' capital accounts and balance sheet immediately after retirement.

9. X Transport Ltd. purchased from Delhi Motors 3 Tempos costing Rs. 50,000 each on the hire purchase system on 1-1-2018. Payment was to be made Rs. 30,000 down and the remainder in 3 equal annual instalments payable on 31-12-2018, 31-12-2019 and 31-12-2020 together with interest @ 9%. X Transport Ltd. writes off depreciation at the rate of 20% on the diminishing balance. It paid the instalment due at the end of the first year i.e. 31-12-2018 but could not pay the next on 31-12-2019. Delhi Motors agreed to leave one Tempo with the purchaser on 1-1-2020 adjusting the value of the other 2 Tempos against the amount due on 31-12-2019. The Tempos were valued on the basis of 30% depreciation annually. Show the necessary accounts in the books of X Transport Ltd. for the years 2018, 2019 and 2020.
10. A Patna based merchant has a branch at Gaya to which he charges out goods at cost plus 25%. The Gaya branch keeps its own sales ledger and remits all cash received to Patna head office every day. All expenses are paid from the head office.

The transactions for the Gaya branch were as follows:

	Rs.		Rs.
Stock (1.1.20)	11,000	Returns inward	500
Debtors (1.1.20)	1,700	Cheques sent to branch:	
Petty cash (1.1.20)	100	Rent	600
Cash sales	2,650	Wages	200
Goods sent to branch	20,000	Salary and other expenses	<u>900</u>
			1,700
Collection on ledger accounts	21,000	Stock (31.12.20)	13,000
Goods returned to head office	400	Debtors (31.12.20)	2,000
Bad debts	300	Petty Cash (31.12.20)	100
Allowances to customers	250		

Prepare in the books of the merchant based at Patna, the Gaya branch account and the branch trading account and the profit and loss account for the year ended 31st December, 2020.

11. On 1.1.2015, S.K. Ltd had 10,000 Equity Shares of Rs. 10 each in Alpha Ltd. purchased for Rs. 1,25,000. The company unlike Investment Companies does not make any apportionment of dividends (received or receivable) in between capital and revenue. On 15.5.2015, the Alpha Ltd. made a bonus issue of 1 fully paid share for 2 held on 15.5.2015. In addition on the same day Right shares were issued at 3 for 5 held that date at a premium of Rs. 3, Rs. 7 to be paid on application and the balance in one call after a month. These shares are not to rank for dividend for the year ending 30th June, 2015. 2,000 Right shares were taken up by X Ltd. Balance Rights being sold at Rs. 2 each on 25.5.2015. On 15.10.2015 the company declared a dividend of 20% for the year ending 30th June, 2015. Make out the Investment Account in the books of X Ltd. Ignore Income Tax.
12. Hotel Heritage has two departments – (i) Lodging Department and (ii) Restaurant Department.

The Trial Balance of Hotel Heritage as on 31-03-2020 is as follows:

Debit	Rs.	Credit	Rs.
Purchase of Foods	3,10,000	Provision for Depreciation of Buildings	4,80,000
Opening stock of food materials	20,400	Suppliers Account	1,96,000
Debtors	16,000	Capital	44,00,000
Buildings (1/10 is used for Restaurant Department)	42,00,000	Income from Lodging Dept.	9,20,000
Furniture and Equipments	12,00,000	Income from Restaurant Dept.	6,40,000
Wages	1,20,000	Interest	22,600
General Expenses	5,48,200		
Interest accrued	4,000		
Income Tax	8,000		
Life Insurance Premium (for Proprietor)	32,000		
Cash at Bank	2,00,000		
	66,58,600		66,58,600

Additional Information:

- Closing stock of food materials Rs. 12,600.
- Wages are to be apportioned in the proportion $\frac{1}{2}$ to the Lodging Department, $\frac{1}{4}$ to the Restaurant Department and the residue to the General Profit and Loss Account.
- The employees in the Lodging Department had occupied a room worth Rs. 2,400 and took meals worth Rs. 1,200. Similarly, employees in the Restaurant Department had occupied a room worth Rs. 3,000 and took meals worth Rs. 1,800.

- (d) Increase provision for depreciation of the building to Rs. 6,00,000. Depreciate furniture & Equipments @ 10% p.a. and apportion the amount in the ratio of 3:2:1 to lodging, restaurant and office.
- (e) A sum of Rs. 16,000 representing accommodation Rs. 4,800 and meals Rs. 11,200 is to be charged to proprietor of the hotel.

You are required to prepare Departmental Profit & Loss A/c, General Profit & Loss A/c for the year ended 31-03-2020 and Balance Sheet as on that date.

N.B. : *Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.*

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