

Khudiram Bose Central College

Financial Accounting II

Semester 3 (Honours and General)

Date of Examination- 08/12/2020

Time- 1 hour (10:00 am – 11:00 am)

Group A- Answer any 1 out of the following questions: (1x5)

1. The following are the details of the partnership business of X and Y with 2:1 profit sharing ratio as on December 31st, 2019. Partners' Capital A/C s balances- X- Rs. 3,60,000; Y- Rs. 2,40,000; Creditors- Rs. 1,00,000; Goodwill- Rs. 60,000; Plant- Rs. 2,00,000; Debtors- Rs. 3,60,000; Bank- Rs. 80,000.

On January 1st, 2020, Z is admitted as a partner for 1/5th share. On Z's admission, goodwill is valued at Rs. 90,000. Goodwill appearing in the books is to be written off at the time of Z's admission. Z brings in Rs.1,00,000 towards his capital and his share of premium for goodwill.

2. State the differences between Departmental Accounting and Branch Accounting.

Group B- Answer any 2 out of the following questions: (2x10)

3. From the following particulars, prepare a Branch Account in the books of H.O., assuming that the sales at branch are on cash basis:

Opening Stock at Branch- Rs. 30,000; Goods Sent to Branch- Rs. 90,000; Sales- Rs. 1,20,000; Expenses at Branch: Salaries- Rs. 10,000; Other Expenses- Rs.4,000. Closing Stock could not be determined, but it is known that the branch usually sells at cost plus 20%. The Branch manager is entitled to a commission of 5% on the profit before charging such commission.

4. On October 1st, 2016, D & Co. purchased a machinery on hire purchase basis from M & Co, the total amount payable being Rs. 2,13,500. Payment was to be made: Rs. 60,000 on that date and the balance in three half-yearly instalments of Rs. 57,000, Rs. 54,500 and Rs. 42,000 commencing from March 31st, 2017. The vendor charged interest @ 10% p.a. calculated on half yearly basis. D & Co. close their books annually on March 31st and provide depreciation @ 10% p.a. under Reducing balance method. Determine the cash price of the machine and prepare M & Co.'s Account in the books of D & Co.

5. M/S S and Co. has two departments. Prepare the Trading and Profit and Loss Account for each department for the year ended on March 31st, 2020 on the basis of the following information:

Opening Stock- Dept. A- Rs. 30,000; Dept. B- Rs 25,000; Purchases- Dept A- Rs. 2,30,000; Dept. B- Rs. 1,90,000; Wages- Dept. A- Rs. 80,000; Dept. B- Rs. 60,000; Salaries- Dept. A- Rs. 40,000; Dept. B- Rs. 25,000; Closing Stock- Dept. A- Rs. 80,000; Dept. B- Rs. 20,000; Sales- Dept. A- Rs. 6,33,000; Dept. B- Rs. 4,92,000; Sales Return- Dept. A- Rs.3,000; Dept. B- Rs. 2,000. Other common expenses: Electricity- Rs.9,000; Rent- Rs. 15,000; Selling Expenses- Rs. 8,000; Depreciation- Rs.18,000. Additional Information- Value of Assets- Dept. A- Rs.1,50,000; Dept. B- Rs.1,20,000; Light Points- Dept. A- 18; Dept. B- 9; Floor Area (sq. ft.)- Dept. A- 300; Dept. B- 200.

6. Distinguish between Operating Lease and Finance Lease.

