



SHAH
EDUCATIONAL ACADEMY
Bandra West | Vile Parle West

H. O. : Shop No. 5, Hill Crest Society, 16th Road, Bandra (W),
Mum: 50. Ph: 26051635 / 9820422953

Branch : Avon Arcade, Shop No. A/121, 1st Fl., Vile Parle (W),
Mumbai: 56. Ph: 9820418533

F.Y.BAF
(Sem – II)

Financial Accounting – II
Full Portion Exam

Marks:- 75
Time:- 2 ½ hrs.

Notes:- 1. Use of simple calculator is permitted. 2. Working notes should form part of your answers.; 3. All questions are compulsory, although, there are internal options; 4. Figures to the right indicate full marks.

Q.1 a) State whether the following statement are True or False. (Any Eight) (8)

- 1) Under Single Entry System, only cash and personal accounts are maintained.
- 2) Consignment is not Sale.
- 3) Balance in Goods sent to Branch Account is transferred to debit of trading account.
- 4) Memorandum Trading Account is always prepared for 1 year period.
- 5) Under the Conversion Method of Single Entry, credit purchases are ascertained by preparing the total creditors account.
- 6) Consignee can return the unsold goods to the Consignor.
- 7) Depreciation on branch fixed asset is debited to branch account under Debtor System.
- 8) Abnormal goods are fast moving goods.
- 9) If the consignee gets Del Credere commission, the consignee will bear the bad debts.
- 10) Branch Stock Account is always prepared at cost price.

Q. 1 b) Match the following (Any Seven): (7)

Column "A"	Column "B"
1. Average Clause	a. Applies in case of over insurance
2. Credit Sales	b. Applies in case of under insurance
3. Opening Balance Sheet	c. Total Debtors Account
4. Profit 20% on Sales	d. Total Creditors Account
5. Profit 25% on Sales	e. Opening capital
6. Relation between Consignor and Consignee	f. Profit 25% on cost
7. Del Credere Commission	g. Profit 33.33% on cost
8. Single Entry System	h. Principal and agent
9. Expenses on Consignment	i. Borne by the consignor
10. Dependent Branch	j. Stock and debtors system
	k. Borne by consignee
	l. No proper books of account
	m. Extra commission for recovery from customer

P.T.O.

Q. 2 Mohanji & Co. of Jaipur consigned 50 bundles of goods at ₹ 200 each to Shyamji & Co. of Pune. The consignor pays ₹ 200 for insurance and for freight ₹ 300. Shyamji sends an accounts sales showing the gross proceeds at ₹ 24,000. The expenses paid by Shyamji, travelling ₹ 200, carriage ₹ 500 and warehouse expense ₹ 130. He sends the amount due to consignor after deducting 4% commission. Prepare Consignment Account, Shyamji's Account, Shyamji's Account and Goods sent on Consignment Account in the books of Consignor. **(15)**

OR

Q. 2 Raj Agency is having a branch in Mumbai. Goods are invoiced to branch at 25% profit on sale. Branch has been instructed to send all cash daily to Head Office. All expenses are paid by head office except petty cash expenses, which are met by the branch. From the following particulars prepare Branch Account in the books of Head Office. **(15)**

Particulars	₹
Stocks as on 1-4-2013 (Invoice Price)	4,00,000
Cash in hand as on 1-4-2013	10,000
Sundry Debtors as on 1-4-2013	2,50,000
Office Furniture as on 1-4-2013	40,000
Goods invoiced from H.O. (Invoice Price)	18,00,000
Goods returned to H.O. (Invoice Price)	60,000
Goods returned by Debtors	12,500
Cash received from Debtors	6,50,000
Cash Sales	12,00,000
Credit Sales	7,00,000
Discount Allowed	3,000
Expenses Paid by H.O.	
- Salary	40,000
- Staff Welfare	7,500
- Telephone Expenses	40,000
Other Petty Expenses paid by Branch	7,000
Stock as on 31-3-2014 (at invoice price)	3,50,000

Depreciation to be provided on furniture @ 10% p.a.

Q.3 Arun of Meerut consigned 100 sewing machines to Sanjay of Ranchi to be sold on his risk. The cost of one sewing machine was ₹ 150, but the invoice price was ₹ 200. Arun paid freight ₹ 600 and insurance in transit ₹ 200.

Sanjay sent a bank draft to Arun for ₹ 10,000 as advance payment and later sent an Account sales showing that 80 sewing machines were sold at ₹ 220 each. Expenses incurred by Sanjay were: carriage inward ₹ 25, Octroi ₹ 75, Godown rent ₹ 500 and Advertisement ₹ 300. Sanjay is entitled to a commission of 5% on sales.

Journalise the above transactions in the books of Arun and Sanjay. **(15)**

OR

P.T.O.

Q. 3 M/s. Almedia Plastic Traders supplies you the following information.

Particulars	1 st April, 2010 (₹)	31 st March, 2011 (₹)
Sundry Debtors	90,000	1,05,000
Stock	75,000	1,05,000
Sundry Creditors	55,000	60,000
Furniture	10,000	?
Machinery	1,75,000	?

Summary of Cash Transactions for the year 2010-2011

Receipts	₹	Payments	₹
Opening Balance	15,000	Paid to Creditors	1,75,000
Cash Sales	55,000	Wages	80,000
Received from Debtors	3,90,000	Salaries	75,000
Loan from Raj @ 8% p.a. on 1 st April, 2010	50,000	Printing and Stationery Expenses	30,000
		Drawings	60,000
		Machinery Purchased on 1 st April, 2010	50,000
		Closing Balance	40,000
	5,10,000		5,10,000

Discounts allowed were ₹ 6,000 and discounts received ₹ 5,000. Bad debts written off were ₹ 4,000. Depreciation is to be provided on Furniture @ 10% p.a. and on Machinery @ 20% p.a. Expenses include payment of ₹ 1,000 which relates to 2011-12. Wages outstanding ₹ 5,500. **Prepare Trading Profit and Loss Account of M/s. Almedia Plastic Traders for the year ended 31st March, 2011 and Balance Sheet as on that date. (15)**

Q.4. The premises of EMARBEE LIMITED were engulfed by fire on 16th November, 2013 whereby substantial stock was severely destroyed. The record available with the company yields the following information. **(15)**

1) For year ended 31st March, 2013

Particulars	₹	Particulars	₹
To Stocks	1,50,000	By Sales	30,00,000
To Purchases	12,30,000	By Stock	1,80,000
To Freight & Direct Exp.	3,00,000		
To Wages	6,00,000		
To Gross Profit	9,00,000		
	31,80,000		31,80,000

2) For half year ended 30th September, 2013

Sales ₹ 18,00,000

Purchases ₹ 8,40,000

3) For period from 1st October to date of fire sales and purchases were at same, monthly rate as for period 1st April, 2013 to 30th September, 2013.

4) The Freight, Wages and Direct Expense, during period 1st April 2013 to date of fire were at the same rate per months as in last year.

5) Salvage value is 10% of Cost of Stocks.

6) The sum insured is ₹ 2,00,000 and policy contains Average Clause. Compute the amount of Claim.

OR

P.T.O.

Q.4 On 18th October 2014 the premises of Mithila were destroyed by fire, but sufficient records were saved from which the following particulars were found:

Particulars	₹
Stock (1-4-2013)	67,200
Stock (31-3-2014)	99,000
Purchases (F.Y. 2013-14)	8,38,800
Sales (F.Y. 2013-14)	10,20,000
Purchases (1-4-2014 to 18-10-2014)	4,95,200
Sales (1-4-2014 to 18-10-2014)	5,19,000

Stock for the Balance Sheet at 31-3-2014 was valued at 10% above cost. During May 2014, Mithila had withdrawn goods costing ₹ 25,000. The policy amount was ₹ 1,20,000. The stock salvaged was worth ₹ 29,000. Show the amount of claim to be lodged with the Insurance Company. **(15)**

Q.5 (a) Distinguish between single entry system and double entry system **(8)**

(b) Explain the features of Consignment. **(7)**

OR

Q.5 Write a short note on **any three** of the following: **(15)**

- a. Average Clause
- b. Del Credere Commission
- c. Defects of Single Entry System
- d. Stock Reserve Method.
- e. Memorandum Trading Account



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Q.1 a) State whether the following statement are True or False. (Any Eight) (8)

1. Under Single Entry System, only cash and personal accounts are maintained.:- **True**
2. Consignment is not Sale.:- **True**
3. Balance in Goods sent to Branch Account is transferred to debit of trading account.:- **False**
4. Memorandum Trading Account is always prepared for 1 year period. :- **False**
5. Under the Conversion Method of Single Entry, credit purchases are ascertained by preparing the total creditors account. :- **True**
6. Consignee can return the unsold goods to the Consignor.:- **True**
7. Depreciation on branch fixed asset is debited to branch account under Debtor System.:- **False**
8. Abnormal goods are fast moving goods.:- **False**
9. If the consignee gets Del Credere commission, the consignee will bear the bad debts.:- **True**
10. Branch Stock Account is always prepared at cost price.:- **False**

Q. 1 b) Match the following (Any Seven):

(7)

Column "A"	Column "B"
1. Average Clause	a. Applies in case of over insurance
2. Credit Sales	b. Applies in case of under insurance
3. Opening Balance Sheet	c. Total Debtors Account
4. Profit 20% on Sales	d. Total Creditors Account
5. Profit 25% on Sales	e. Opening capital
6. Relation between Consignor and Consignee	f. Profit 25% on cost
7. Del Credere Commission	g. Profit 33.33% on cost
8. Single Entry System	h. Principal and agent
9. Expenses on Consignment	i. Borne by the consignor
10. Dependent Branch	j. Stock and debtors system
	k. Borne by consignee
	l. No proper books of account
	m. Extra commission for recovery from customer

Ans:- (1) - (b); (2) - (c); (3) - (e); (4) - (f); (5) - (g); (6) - (h); (7) - (m); (8) - (l); (9) - (i); (10) - (j)

Q.2. Solution

In the books of Mohanji & Co.

Dr.			Cr.		
Consignment A/c					
Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Goods sent on consignment A/c (50 x 200)		10,000	By Shyamji's A/c (Sales)		24,000
To <u>Cash / Bank A/c</u>					
- Insurance	200				
- Freight	300	500			
To <u>Shyamhi A/c</u>					
- Travelling	200				
- Carriage	500				
- Warehouse Exp.	130	830			
To Shyamji A/c (commission)		960			
To Profit & Loss A/c (Profit)		11,710			
		24,000			24,000

Dr.			Cr.		
Shyamji's A/c					
Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Consignment A/c (Sales)		24,000	By Consignment A/c		830
			By Consignment A/c		960
			By Cash/ Bank A/c		22,210
		24,000			24,000

Dr.			Cr.		
Goods Sent on Consignment A/c					
Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Trading A/c		10,000	By Consignment A/c		10,000
		10,000			10,000

Q.2. Solution

IN THE BOOKS OF HEAD OFFICE - RAJ AGENCY

Mumbai Branch Account (at Invoice Price)

<i>Particulars</i>	₹	<i>Particulars</i>	₹
To Balance b/d		By Stock Reserve (Opening)	1,00,000
- Stock	4,00,000	By Remittances :	
- Debtors	2,50,000	- Cash Sales	12,00,000
- Cash in Hand	10,000	- Cash from Debtors	<u>6,50,000</u>
- Furniture	40,000	By Goods Sent by Branch (Loading)	4,50,000
To Goods Sent to Branch	18,00,000	By Goods Returned by Branch	60,000
To Goods Returned by Branch (Loading)	15,000	(Return to H.O.)	
To Bank (Expenses paid by H.O.)		By Balance c/d	
- Salary	40,000	- Stock	3,50,000
- Staff Welfare	7,500	- Debtors	2,84,500
- Telephone	<u>40,000</u>	- Cash (₹ 10,000 – ₹ 7,000)	3,000
To Stock Reserve (Closing)	87,500	- Furniture (₹ 40,000 – ₹ 4,000)	36,000
To Profit transferred to General Profit and Loss A/c	4,43,500		
	<u>31,33,500</u>		<u>31,33,500</u>

Working Notes :

1. Debtors Account

<i>Particulars</i>	₹	<i>Particulars</i>	₹
To Balance b/d	2,50,000	By Cash Account	6,50,000
To Sales Account (Credit)	7,00,000	By Sales Return Account	12,500
		By Discount Allowed Account	3,000
		By Balance c/d	2,84,500
	<u>9,50,000</u>		<u>9,50,000</u>

- Depreciation on Furniture is not debited separately in the Branch Account, since the Net Furniture Closing Balance is shown at WDV. Thus Depreciation = Closing Balance less Opening Balance.
- Sales Returns and Discounts are accounted for automatically, since the Opening and Closing Balance of Debtors is shown in the Branch A/c.

Q.3. Solution

**In the books of Arun
Journal Entries**

Sr. No	Particulars	L.F.	Debit ₹	Credit ₹
1	Consignment A/c To Goods sent on consignment A/c (Being.....)	Dr.	20,000	20,000
2	Goods sent on Consignment A/c To Consignment A/c (Being.....)	Dr.	5,000	5,000
3	Consignment A/c	Dr.	800	

	To Cash/ Bank A/c (Being.....)			800
4	Bank A/c To Sanjay A/c (Being.....)	Dr.	10,000	10,000
5	Sanjay A/c To Consignment A/c (Being.....)	Dr.	17,600	17,600
6	Consignment A/c To Sanjay A/c (Being.....)	Dr.	900	900
7	Consignment A/c To Sanjay A/c (Being.....)	Dr.	880	880
8	Stock on Consignment A/c To Consignment A/c (Being.....)	Dr.	4,180	4,180
9	Consignment A/c To Stock Reserve A/c (Benign.....)	Dr.	1,000	1,000
10	Bank A/c To Sanjay A/c (Being.....)	Dr.	5,820	5,820
11	Trading A/c To Goods sent on Consignment A/c (Being.....)	Dr.	15,000	15,000
12	Consignment A/c To Profit & Loss A/c (being.....)	Dr.	3,200	3,200

In the books of Sanjay

Journal Entries

Sr. No	Particulars	L.F.	Debit ₹	Credit ₹
1	Arun A/c To Bank A/c (Being.....)	Dr.	10,000	10,000
2	Cash / Bank A/c To Arun A/c (Being.....)	Dr.	17,600	17,600

3	Arun A/c To Cash / Bank A/c (Being.....)	Dr.	900	900
4	Arun A/c To Commission the (Beiung.....)	Dr.	880	
5	Arun A/c To Cash / Bank A/c (Being.....)	Dr.	5,820	5,820

LEDGER OF ARUN			
Dr.		Cr.	
Consignment Account			
<i>Particulars</i>	₹	<i>Particulars</i>	₹
To Goods sent on Consignment A/c	20,000	By Sanjay A/c (Sales)	17,600
To Cash/Bank A/c (Arun's Expenses)	800	By Stock on Consignment A/c	4,180
To Sanjay A/c (Expenses)	900	By Goods sent on Consignment A/c	5,000
To Sanjay A/c (Comm.)	880	(Load)	
To Stock Reserve c/d	1,000		
To Profit & Loss A/c (Profit)	3,200		
	26,780		26,780
Dr.		Cr.	
Sanjay's Account			
<i>Particulars</i>	₹	<i>Particulars</i>	₹
To Consignment A/c (Cash Sales)	17,600	By Cash / Bank A/c (Advance)	10,000
		By Consignment A/c (Expenses)	900
		By Consignment A/c (Comm.)	880
		By Balance c/d	5,820
	17,600		17,600
Dr.		Cr.	
Goods sent on Consignment Account			
<i>Particulars</i>	₹	<i>Particulars</i>	₹
To Consignment A/c (Load)	5,000	By Consignment A/c	20,000
To Trading A/c (transfer)	15,000		
	20,000		20,000
LEDGER OF SANJAY			
Dr.		Cr.	
Arun's Account			
<i>Particulars</i>	₹	<i>Particulars</i>	₹
To Cash / Bank A/c (Advance)	10,000	By Cash / Bank A/c (Sales)	17,600
To Cash / Bank A/c (Expenses)	900		
To Commission A/c	80		
To Balance c/d	5,820		
	17,600		17,600

Working Notes:**1. Expenses by Sanjay****a. Direct / Non-recurring Expenses**

Carriage Inwards		25	
Octroi Duties		75	100
		<u>75</u>	

b. Indirect / Recurring Expenses

Godown Rent		500	
Advertisement		300	800
		<u>300</u>	
Total Expenses by Sanjay			<u>900</u>

2. Commission

Sales		17,600	
Rate of Commission		5%	
		<u>17,600</u>	
Commission			<u>880</u>

3. Closing Stock

Cost of Goods Sent	₹	Q.	₹
a. Quantity Sent		100	
Invoice Rate	200		
Value of Goods Sent (Quantity x Rate)			20,000
Arun's Expenses			800
Sanjay's Direct/Non-recurring Expenses			100
			<u>20,900</u>
b. Total Value			20,900
c. Quantity Sold		80	
d. Quantity in Stock [a - c]		20	
e. Closing Stock - Cost			

$$= \text{Total Value} \times \frac{\text{Quantity in Stock}}{\text{Quantity Sent}} = 20,900 \times \frac{20}{100} = 4,180$$

4. Load on Goods Sent

Quantity Sent			100
Invoice Rate	200		
Less: Cost	150		
	<u>200</u>		
Load Per Unit			<u>50</u>
Load on Goods Sent (Quantity x Load Per Unit)			<u>5,000</u>

5. Load on Closing Stock

A. Quantity in Stock			20
B. Load Per Unit			50
			<u>50</u>
C. Load on Closing Stock (Quantity x Load)			<u>1,000</u>

OR

Q.3. Solution

In the books of M/s. Almedia Plastic Traders

Dr. Trading and Profit & Loss A/c for the year ended 31-3-2011 Cr.

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Opening Stock		75,000	By Sales		
To Wages	80,000		Cash	55,000	
Add: Outstanding	5,500	85,500	Credit	415,000	470,000
To Purchases		185,000			
To Gross Profit c/d		229,500	By Closing Stock		105,000
		575,000			575,000
To Salaries		75,000	By Gross Profit b/d		229,500
To Printing & Stationery Expenses	30,000		By Discount Received		5,000
(-) Prepaid	1,000	29,000			
To Discount Allowed		6,000			
To Bad debts		4,000			
To <u>Depreciation on</u>					
Furniture	1,000				
Machinery	45,000	46,000			
To Interest on Loan		4,000			
To Net Profit c/d		70,500			
		234,500			234,500

Balance Sheet as on 31-3-2011 (Closing)

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	310,000		Furniture	10,000	
Less: Drawings	60,000		(-) 10% Depreciation	1,000	9,000
Add: Net Profit	70,500	320,500	Machinery	175,000	
			Add: Purchase of Machinery	50,000	
Sundry Creditors		60,000		2,25,000	
Loan from Raj	50,000		Less: 20% Depreciation	45,000	180,000
Add: Interest on Loan	4,000	54,000	Sundry Debtors		105,000
Outstanding Wages		5,500	Closing Stock		105,000
			Prepaid Expenses		1,000
			Cash / Bank		40,000
		4,40,000			4,40,000

Balance Sheet as on 01-04-2010 (Opening)

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital		3,10,000	Sundry Debtors		90,000
			Stock		75,000
Sundry Creditors		55,000	Furniture		10,000
			Machinery		1,75,000
			Cash		15,000
		3,65,000			3,65,000

Dr. Total Debtors A/c Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	90,000	By Cash	390000
		By Discount allowed	6000
To Sales (Credit)	415000	By Bad debts	4,000
		By Balance c/d	105000
	505000		505000

Dr. Total Creditors A/c Cr.

Particulars	Rs.	Particulars	Rs.
To Cash A/c	175000	By Balance b/d	55,000
To Discount received	5,000		
To Balance c/d	60,000	By Purchases	1,85,000
	240000		240000

Dr. Cash / Bank A/c Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	15,000	By Creditors	175000
To Sales	55,000	By Wages	80,000
To Debtors	3,90,000	By Salaries	75,000
To Loan from Raj	50,000	By Printing & Stationery	30,000
		By Drawings	60,000
		By Purchase of Machinery	50,000
		By Balance c/d	40,000
	5,10,000		5,10,000

Q.4. Solution

Emarbee Limited

A. Computing Gross Profit Ratio

From the Trading Account for the Year ended 31-3-2013 :

$$\text{GPR} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100 = \frac{9,00,000}{30,00,000} \times 100 = 30\%$$

B. Computing Stock on Date of Fire

Dr. Cr.
Memorandum Trading Account
 (From 1-4-2013 to 16-11-2013)

Particulars	₹	Particulars	₹
To Opening Stock	1,80,000	By Sales (See Note 2)	22,50,000
To Purchases (See Note 1)	10,50,000	By Closing Stock (Bal. Fig.)	2,17,500
To Freight & Direct Expenses (3,00,000/12 x 7 1/2)	1,87,500		
To Wages (6,00,000/12 x 7 1/2)	3,75,000		
To Gross Profit (22,50,000 x 30%)	6,75,000		
	<u>24,67,500</u>		<u>24,67,500</u>

C. Computing Loss

Closing Stock on date of Fire	2,17,500
Less : Salvage (10%)	<u>21,750</u>
Loss	<u>1,95,750</u>

D. Computing Claim

$$\text{Claim} = \frac{\text{Policy}}{\text{Stock}} \times \text{Loss} = \frac{2,00,000}{2,17,500} \times 1,95,750 = ₹ 1,80,000$$

Working Notes :

1. Purchases from 1-4-2013 to 16-11-2013 (7 1/2 months) :

Purchases of 6 months	8,40,000
So, Purchases per month (1/6)	1,40,000
So, Purchases for 7 1/2 months	10,50,000

2. Sales from 1-4-2013 to 16-11-2013 (7 1/2 months) :

Sales of 6 months	18,00,000
So, Sales per month (1/6)	3,00,000
So, Sales for 7 1/2 months	22,50,000

OR

Q.4. Solution

A. Computing Gross Profit Ratio

In the Books of Mithila

Dr. **Trading A/c for the year ended 31st March, 2014** Cr.

Particulars	₹	Particulars	₹
To Opening Stock	67,200	By Sales	10,20,000
To Purchases	8,38,800	By Closing Stock (WN 1)	90,000
To Gross Profit c/d	2,04,000		
	<u>11,10,000</u>		<u>11,10,000</u>

$$\text{Gross Profit Ratio} = \frac{2,04,000}{10,20,000} \times 100 = 20\%$$

B. Computing Stock

Dr. **Memorandum Trading A/c for the period from 1-4-14 to 18-10-14** Cr.

Particulars	₹	Particulars	₹
To Opening Stock	90,000	By Sales	5,19,000
To Purchases	4,95,200	By Goods withdrawn for Personal Use	25,000
To Gross Profit c/d (WN 2)	1,03,800	By Stock on date of Fire (Bal. Fig.)	1,45,000
	<u>6,89,000</u>		<u>6,89,000</u>

1. Stock on 31-3-2014 = $\frac{99,000}{110} \times 100 = ₹ 90,000$

2. Gross Profit of 1-4-2014 to 8-10-2014 = $5,19,000 \times 20\%$
= ₹ 1,03,800

C. Computing Loss and Claim

1. Actual Loss = Stock on date of Fire – Salvage
= 1,45,000 – 29,000 = ₹ 1,16,000

2. Claim = $\frac{\text{Actual Loss}}{\text{Stock on date of Fire}} \times \text{Policy Amount}$
= $\frac{1,16,000}{1,45,000} \times 1,20,000 = ₹ 96,000$
