

Seat No. : _____

AK-111

April-2023

Int. B.Com., Sem.-II

IL-109 : Financial Accounting – II

Time : 2:30 Hours]

[Max. Marks : 70

1. Keshav Traders of Ahmedabad consigned 20,000 litres of oil to Tushal of Mumbai at the cost price of ₹ 10 per litre on 1-4-2021. Keshav Traders paid ₹ 3,000 for freight and 1,000 for insurance, while sending the goods. **18**

On 1-4-2021 Keshav Traders drew a bill of ₹ 1,00,000 for three months on Tushal, which was, immediately returned by the latter, duly accepted. Keshav Traders discounted this bill in a bank on 4-5-2021, at 18% discount per annum.

Tushal is entitled to get general commission at the rate of 5% and del credere commission at the rate of 2%.

On 31-3-2022 Tushal sent an account sale and a bank draft for the amount due from him. He reported in the account sale that :

- (i) There was a loss of 100 litres of oil due to natural causes.
- (ii) There was a loss of 200 litres of oil due to theft in transit and the insurance company admitted a claim of ₹ 1,600.
- (iii) He paid ₹ 3,940 for octroi and ₹ 3,490 for advertisement.
- (iv) He sold 10,000 litres of oil at the rate of ₹ 17 per litre to Ganesh on credit.
- (v) He sold 7660 litres of oil at the rate of ₹ 16 per litre for cash.
- (vi) He purchased 25 litres of oil at the rate ₹ 16 per litre for his personal use.
- (vii) Ganesh was declared insolvent after having recovered ₹ 1,60,000 out of the amount due from him.

From the above particulars prepare Consignment Account and Tushal's Account in the books of Keshav Traders.

OR

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P.T.O.

- (a) Jatin and Rakesh enter into a joint venture as a dealer in land and construct a Society. They agreed to share profit and loss in the ratio 3 : 2. They deposited ₹ 60 lakhs in their joint bank account as per their profit sharing ratio. 10

They purchased plot of Land measuring 60,000 sq. meter at a cost of ₹ 75 per square meter money for which paid from Joint bank a/c.

They paid following expenses from the joint bank account :

Registration charges	1,50,000
Stamp duty	30,000
Legal adviser's fees	60,000
Jatin paid expenses of compound wall	72,000
Rakesh paid Brokerage	48,000
Income from selling trees	60,000

They prepared a plan for selling the plot of land. They decided to sale 1000 sq. meter plot of land. In the said plan $\frac{1}{6}$ part of total land of left over for public roads. Jagdish sold 80% plot for cash at 50% profit on cost. Jagdish is entitled to get 5% commission on selling price.

Rakesh sold 16% plot at 25% profit on cost. Jatin and Rakesh distributed remaining plots equally at cost price. All the transactions regarding purchase, sales and expenses are done through joint bank a/c.

Prepare :

- (1) Joint venture account
 - (2) Joint bank account
 - (3) Capital account
- (b) Write difference between Consignment and Sales. 8

2. Sonali Traders of Ahmedabad has a Branch at Ahmedabad. Head Office sends goods to Rajkot Branch at cost plus 25% (invoice price). Branch sells the goods on cash and on credit. The head office meets all the expenses except petty expenses of branch and collects cash from the branch daily. 18

From the following information of the branch for the year ended 31st March, 2021, Prepare Branch Account, Petty cash Account, Debtors Account, Trading and Profit and Loss account.

Stock (1-4-2020)	90,000
Stock (31-3-2021)	72,000
Debtors (1-4-2020)	60,000
Debtors (31-3-2021)	84,000
Furniture (1-4-2020)	30,000
Furniture (31-3-2021)	27,000
Petty cash (1-4-2020)	600
Petty cash (31-3-2021)	300
Goods sent to branch	7,20,000
Petty cash sent to branch	600
Cash received from customers	3,00,000
Goods returned by customers	18,000
Goods returned by branch	36,000
Bad debts written off	6,000
Total sales	9,48,000

Expenses paid by H.O. on behalf of branch :

Salaries and wages	37,500
Rent and rates	10,800
Taxes	12,000
Other expenses	30,000

Provide 10% depreciation on furniture.

OR

- (a) Hiren Traders of Gandhinagar has an independent branch at Rajkot. Following is the Trial Balance of the branch as on 31-3-22.

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Particulars	Debit (₹)	Credit (₹)
Stock	1,00,000	—
Purchases and Sales	4,48,000	9,60,000
Goods received from H.O.	3,28,000	—
Goods returned to the H.O.	—	28,000
Purchases returns and Sales returns	16,000	8,000
Head Office a/c	—	2,49,600
Debtors and Creditors	2,24,000	1,28,000
Cash and Bank Balance	1,44,000	—
Salary	1,08,000	—
Rent	24,800	—
Discount	29,600	34,400
Freight and Carriage	17,600	—
Sundry Income	—	32,000
	14,40,000	14,40,000

Additional Information :

- (1) The stock of goods was valued at ₹ 2,56,000.
- (2) Unpaid salary amount to ₹ 12,000.
- (3) Goods of ₹ 32,000 sent by Head Office to the branch were received by branch on 4-4-22.
- (4) Cash amounting to ₹ 40,000 remitted by the branch to H.O. on 28-3-22 was received by H.O. on 1-4-22.
- (5) The furniture account is maintained in the books of H.O. ₹ 14,400 is to be written off as depreciation on the furniture.

From the above information, you are required to prepare Final accounts of Rajkot Branch.

- (b) Explain the difference between Branch and Consignment.

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3. The following is the balance sheet of Kapur Brothers as on 31/3/2007.

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Liabilities	₹	Assets	₹
Capitals :			
Randhir 36,00,000			
Rishi 26,40,000	62,40,000	Land & Building	43,20,000
Workman Profit Sharing fund	2,40,000	Plant & Machinery	28,80,000
Workman Compensation fund	3,60,000	Stock	26,40,000
Bank Loan	48,00,000	Debtors 20,40,000	16,80,000
		– Bad debts <u>1,20,000</u>	
		19,20,000	
		– BDR <u>2,40,000</u>	
Creditors	6,00,000	Investments (Market Value 9,60,000)	7,20,000
Bills Payable	2,40,000	Cash at Bank	2,40,000
	1,24,80,000		1,24,80,000

On 1/04/2007, Ranbir Ltd. was incorporated with an authorized capital of ₹ 1,20,00,000 divided into equity shares of ₹ 100 each to take over the running business of the firm on the following conditions:

- (1) The value of land and building as shown in the books is 10% less than the market and stock is over valued by 10%.
- (2) Debtors are subject to 10% Bad Debt Reserve.
- (3) The Goodwill of the firm is valued at 1/2 of total profits of the last 2 years. The average profit of the last 2 years was ₹ 12,00,000.
- (4) The Purchase Consideration is to be satisfied by issuing 60,000 equity shares ₹ 80 paid up at the rate of ₹ 120 and balance amount in cash.
- (5) The company has issued the remaining shares to public at ₹ 80 paid up at the same issue price.

Pass necessary journal entries in the books of the company and prepare initial balance sheet of the company.

OR

- (a) The business of Saaket was acquired by Raghuveer Company Ltd. with effect from 1st January, 2021. All the assets were taken over with the exception of book debts ₹ 2,70,000 which the company undertook to collect on behalf of the vendor. The company also undertook to pay off the creditors of the vendor of ₹ 90,000 out of the realization from the debtors. For this service, the company is to charge the commission of 3% on amount realized from debtors and 1% on amount paid to creditors. 10

The company had realized total book debts for ₹ 2,61,000 while creditors were paid at cash discount of 5%.

The company had paid the amount due to vendors in cash.

You are required to pass the necessary journal entries and to show the relevant ledger accounts in the books of the company.

- (b) Chandramauli Ltd. purchased a running business of M/s Chopra Bros. consisting assets and liabilities of ₹ 16,80,000 and ₹ 4,20,000 at a price of ₹ 14,00,000. 8

The purchase consideration is to be satisfied by giving ₹ 1,40,000 in cash and balance by issuing Equity shares of ₹ 100 each at 20% premium and 15% Debentures of ₹ 100 each at 10% discount in the ratio of 4:1 respectively.

Pass necessary entries for purchase of business in the books of the company.

4. (a) A fire occurred in the factory premises of Dev on 10th June, 2022 which destroyed some stock. The value of stock salvaged was ₹ 38,000. Prepare Statement of Claim from the given details : 10

Particulars	2019-20	2020-21	2021-22	Upto 10/06/22
Opening Stock	3,30,000	2,64,000	1,98,000	66,000
Purchases	9,90,000	10,00,000	12,40,000	5,04,000
Freight	2,88,000	1,58,000	1,83,200	72,000
Sales	19,20,000	18,00,000	21,60,000	7,20,000

OR

(a) Find out the amount of loss of profit from the following information : **10**

01. Date of Fire : 30/4/2022
02. Interruption period : 3 months
03. Indemnity Period : 6 months
04. Standing charges for the year ended 31/12/2021 : ₹ 15,000
05. Net Profit after Standing charges for the year ended 31/12/2021 : ₹ 40,000
06. Turnover for the year ended 31/12/2021 : ₹ 5,50,000
07. Turnover for the year ended 30/4/2022 : ₹ 5,00,000
08. Sum insured : ₹ 75,000
09. Sales during 30th April to 31st July of the preceding year : ₹ 1,50,000
10. Turnover of Interruption period : ₹ 1,00,000

(b) Multiple Choice Questions : (1 Mark each) **6**

- (1) If the purchase consideration is more than the revalued figures of net worth taken over, the difference is
 - (a) Debited to Capital Reserve Account
 - (b) Credited to Capital Reserve Account
 - (c) Debited to Goodwill Account
 - (d) Credited to Goodwill Account
- (2) If the sum insured for the loss of stock is ₹ 30,000, goods destroyed by fire are ₹ 20,000, goods salvaged are ₹ 30,000 and there is no Average Clause to be applied; then the amount of claim will be
 - (a) ₹ 50,000
 - (b) ₹ 30,000
 - (c) ₹ 20,000
 - (d) ₹ 12,000
- (3) The other name of 'Loss of Profit' Policy is _____.
 - (a) Loss of Stock Policy
 - (b) Insured loss Policy
 - (c) Consequential Loss Policy
 - (d) Net Profit Policy

- (4) Amount of 'Abnormal loss' (cost price + proportionate expenses) –
- (a) Shall be debited to consignment account.
 - (b) Shall be credited to consignment account
 - (c) Shall be credited to general reserve account
 - (d) Shall be credited to insurance company's account
- (5) Branch Account is a
- (a) Personal Account (b) Nominal Account
 - (c) Real Account (d) None of the above
- (6) When branch pays expenses for H.O the following account is debited in the books of the branch -
- (a) H.O. A/c (b) Branch A/c
 - (c) Expenses A/c (d) None of the above
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