

**MC-228**

May-2025

**Integrated B.Com LLB., Sem.-II****IL B.Com. 109 : Financial Accounting – II****Time : 2 :30 Hours]****[Max. Marks : 70**

1. (A) Write the difference between Consignment and Joint Venture. **10**  
 1. (B) What is consignment ? What is the purpose of selling goods through consignment ? **8**

**OR**

1. From the below mentioned details, prepare the following accounts in the books of X : **18**  
 (i) Consignment A/c  
 (ii) Consignee A/c

Mr. Ravi of Surat consigned 1,000 clocks to his agent Mr. Jatin. The cost price of each clock was ₹ 120. The invoice price was determined by adding 25% on invoice price.

Ravi incurred the following expenses while sending the goods :

- Insurance : ₹ 1,500
- Carriage : ₹ 300
- Freight : ₹ 1,200

On 01-07-2026, Ravi drew a bill of ₹ 30,000 for 3 months on Jatin, which was duly accepted and returned by him. Ravi discounted the bill with the bank on 04-08-2026 at 18% p.a. discount rate.

Jatin is entitled to :

- 4% general commission
- 2% del credere commission
- 1/6<sup>th</sup> share in profit

On 31-03-2027, Jatin sent an Account Sale along with a bank draft for the amount due. The details were as follows :

- (1) He paid ₹ 3,000 for freight and clearing charges and ₹ 2,795 for advertisement.
- (2) Sold 175 clocks for ₹ 180 each (cash).
- (3) Purchased 25 clocks for ₹ 180 each for personal use.
- (4) Sold 600 clocks on credit to Mr. K at ₹ 200 each.
- (5) Sold 100 clocks on credit to Mr. L at ₹ 190 each, on recommendation of Ravi.
- (6) 20 clocks were destroyed by fire and insurance company accepted a claim of ₹ 1,800.
- (7) Both Mr. K and Mr. L were declared insolvent and only 60 paise per rupee could be recovered from their balances.
- (8) Out of the unsold stock, 5 clocks were damaged and ₹ 225 was estimated as repair expense to make them saleable.

2. (A) From the above information, prepare the Ahmedabad Branch Account. 10

Dharwad Traders has a retail branch at Ahmedabad. The Head Office sends goods to the Ahmedabad Branch at cost on the condition that all sales are made for cash only. All cash received by the branch is remitted to the Head Office daily. The Head Office pays for all expenses, except petty expenses which are paid out of the petty cash maintained at the branch.

The following are the transactions of the branch for the year ending 31-03-2023 :

Stock with the branch on 01-04-2022 :	₹ 30,000
Petty cash on hand with the branch on 01-04-2022 :	₹ 500
Goods supplied by the Head Office to the branch during the year :	₹ 6,35,000
Goods returned by the branch to the Head Office :	₹ 60,000
Petty cash received from the Head Office during the year :	₹ 5,000
Expenses paid by the Head Office during the year :	
I. Wages :	₹ 10,000
II. Salaries :	₹ 21,000
III. Rent, rates and taxes :	₹ 4,500
IV. Electricity :	₹ 1,000
Sales during the year :	₹ 7,50,000
Stock of goods with the branch on 31-03-2023 :	₹ 1,00,000
Petty cash at branch on 31-03-2023 :	₹ 1,500

2. (B) What is branch account ? Discuss the objectives of branch account. 8

**OR**

2. Using the given information prepare, 18

- I. Surat Branch Account
- II. Branch Debtors Account
- III. Branch Trading
- IV. Branch Profit & Loss Account

Pragati Traders Ltd. invoices goods to their various branches at cost and the branches are allowed to sell on both credit and cash basis. The following details relate to the Surat Branch for the year ending 31<sup>st</sup> March, 2023.

The figures are as follows :

Particular	Amount
Debtors on 1-4-2022	5,240
Debtors on 31-3-2023	6,620
Opening stock on 1-4-2022	3,000
Goods received from Head Office	10,160
Goods returned to the Head Office	140
Total sales	18,700
Allowances to debtors	120
Returns from debtors	116
Discount allowed to debtors	480
Bad debts	120
Cash collected from debtors	9,840
Rent and rates	360
Wages	1,200
General trade charges	1,200
Closing stock as on 31-3-2023	2,780

3. Ascertain the amount of claim from the following information :

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A fire broke out in the premises of Secure Industries Ltd. on 1<sup>st</sup> July, 2023. The company held a consequential loss policy of ₹ 8,80,000 with a period of indemnity of three months from the date of fire.

The sales for the year ending 1<sup>st</sup> July, 2023 amounted to ₹ 40,00,000.

Sales for the preceding calendar year (1<sup>st</sup> January, 2022 to 31<sup>st</sup> December, 2022) were ₹ 30,00,000.

During this same period, the net profit after debiting standing charges of ₹ 2,20,000 was ₹ 2,80,000.

**Note :** The standing charges were insured for ₹ 1,70,000 only.

Sales for the period from 1<sup>st</sup> July, 2023 to 30<sup>th</sup> September, 2023 (after the fire) were ₹ 1,00,000,

While for the corresponding period in the previous year, sales were ₹ 5,00,000.

It was noted that there was a 10% increase in turnover in the current year over the previous year.

Also, due to a new sales strategy introduced this year, the profit percentage on turnover was expected to increase by 5%.

Fire-related expenses incurred amounted to ₹ 5,000.

OR

3. (A) Fire occurred in the factory premises of Gandhi Industries on 10<sup>th</sup> June, 2022, which destroyed some stock, the value of average stock was 380. Prepare settlement of claim from the following information : 10

Particular	2019-20	2020-21	2021-22	Upto 10/6/22
Opening stock	3300	2640	1980	6600
Purchase	9900	1000	1240	5040
Freight	2880	1580	1382	7200
Sales	1920	1800	2160	7200

3. (B) What is loss of profit insurance ? Discuss the benefits of such insurance. 8

4. From the following information find out capital reserve and pass journal entries : 10  
Nova-Orion Ltd. acquired the business of the partnership firm Nova & Orion on 1<sup>st</sup> April, 2026. The Balance Sheet of the firm as on that date is as follows :

Liabilities	Amount	Assets	Amount
Nova's capital	30,000	Building	40,000
Orion's capital	30,000	Machinery	20,000
General Reserve	6,000	Furniture	2,000
Creditors	1,00,000	Debtors. 1,05,000	
		Less : Bad debts. 5,000	1,00,000
Bills payable	14,000	Stock	10,000
		Cash Balance	2,000
	1,80,000		1,80,000

**Additional Information :**

- ◆ The company has not purchased Furniture, Cash and Bills Payable.
- ◆ Revaluation of assets is as follows :
  - Building : 25% more
  - Machinery : 10% less
  - Debtors : 20% less
  - Stock : 20% more
- ◆ Consideration is to be discharged by issuing 10000 equity shares of ₹ 10 each, issued at a premium of ₹ 1 per share.

**OR**

4. What is the meaning of business purchase ? Write journal entries related to purchasing company. 10

5. True or False : 6

- (1) Goods sent to head office but not received by branch before end of the year is called goods in transit.
- (2) Branch account is a personal account.
- (3) Joint venture account is similar to profit and loss account.
- (4) Stock reserve account is opened under joint venture account.
- (5) In relation to consignment account consignee sends account sales to consignor.
- (6) In consignment account abnormal loss is credited to profit and loss account.