

D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE

DEPARTMENT OF COMMERCE (AIDED)

QUESTION BANK

FINANCIAL ACCOUNTING (Allied)

CLASS - II B.Sc., MATHEMATICS – IV SEMESTER

UNIT – I

Branch Accounts

SECTION-A (2 Marks questions)

1. Write the meaning for the term stock and debtors system.
2. Write note on goods in transit.
3. What is dependant branch?
4. What is cash in transit?
5. What do you understand by the term branch adjustment account?
6. What is departmental accounts?
7. What is interdepartmental transfer?
8. Write any two advantages of departmental accounting.
9. What is stock reserve?
10. What is the need for departmental accounting?
11. Define hire purchase system.
12. What is complete repossession?
13. What is repossession?
14. What do you understand by the term instalment system.
15. What is partial repossession?
16. What is default?
17. Define partnership.
18. Write note on fixed capital accounts of partners.
19. What is sacrificing ratio?
20. What is gaining ratio?
21. What do you understand by the term fluctuating capital?

22. What is piecemeal distribution?
23. What do you understand by the dissolution of partnership.
24. Write the meaning for Garner Vs. Murray rule.
25. What is insolvency?
26. When the compulsory dissolution takes place?
27. Who is insolvent?
28. What is partnership deed? What are its content?
29. How is goodwill treated at the time of admission of a new partner?
30. Briefly explain the various methods of treatment of goodwill on the retirement of a partner.
31. What is retirement of a partner? What are the accounting adjustments needed at the time of retirement.

SECTION-B (5 Marks question)

1. What is branch account? Explain briefly the various types of branches.
2. Explain the salient features of dependent branch.
3. Write notes on 1) independent branch 2) foreign branch
4. From the following particulars relating to Madurai branch, Prepare Branch

Account in the books of Head Office for the year ended 31.12.15

Stock 1.1.15	30,000
Debtors 1.1.15	12,000
Petty cash 1.1.15	200
Goods sent to branch	50,000
Goods returned to H.O.	600
Sales at branch cash	30,000
Credit	42,000
Sales returns at branch	300
Bad debts written off	300
Branch expenses paid by H.O.	3,000
Petty cash sent to branch	500
Petty cash 31.12.15	300
Stock 31.12.15	12,500

5. What are the bases for allocation of common expenses to different departments of an organisation?

6. Explain the procedure for preparation of departmental accounts.

7. How are transfer from one department to other department is treated in departmental accounting?

8. Mehta Ram of Ram nagar purchased goods for his three departments as follows:

Dept X – 200 units}

Dept y – 1,400 units}--- total cost Rs 5,100

Dept z—400 units}

Sales of the three departments were as follows:

Dept X – 180 units @ Rs. 15 per unit

Dept Y – 1,500 units @ Rs. 18 per unit

Dept Z – 450 units @ Rs. 6 per unit

Other information about stock in the beginning was as follows

Dept X – 100 units

Dept Y – 400 units

Dept Z – 60 units

Mehta Ram informs you that rate of gross profit is the in all the departments you are required to prepare Departmental trading A/C.

.9. Mohan purchases a car on hire purchase system. The total cash price of the car is Rs. 15,980, payable Rs.4,000 down and in three installments of Rs. 6,000 , Rs. 5,000 and Rs. 2,000 payable at the end of first , second and third years respectively. Interest is charged at 5% per annum. You are required to calculate interest paid by hirer, each year.

10. Arul purchased machinery under the hire purchase system from Mr. Balu. The cash price of the machinery was Rs. 15,000. The payment for the purchase is to be made as follows: On signing the agreement Rs. 3,000; end of the first year Rs. 5,000; end of the second year Rs. 5,000; end of the third year Rs. 5,000. Calculate the amount of interest included in each instalment.

11. Mr. Anbu purchased a machine by hire purchase system for Rs. 30,000 to be paid as follows:

Down payment	5,000
At the end of the first year	7,000
At the end of the second year	6,500
At the end of the third year	6,000
At the end of the fourth year	5,500

Interest is charged on the value at 10% p.a. at what value should the machine be capitalized ?

12. A machine costing Rs.50000 was purchased on hire purchase basis. Rs.10000 was paid on signing the agreement and the balance in four equal instalments of Rs.10000 each annually with interest at 5%. Calculate interest and show the amount payable on each instalment.

13. Distinguish between revaluation account and realization account.

14. Explain the various modes of dissolution of a firm.

15. How are accounts settled between partners after the dissolution of a firm?

16. Explain the accounting treatments in case of all the partners of a firm are insolvent.

SECTION-C (10 Marks questions)

1. Arun Agencies opened a branch in Vellore on 1st January 2015. Goods were invoiced at selling price which was at cost plus 25% From the following particulars relating to the year 2015, you are required to prepare different accounts under, the stock and debtors system

Goods sent to branch	30,000
Sales:	
Cash	10,000
Credit	14,000
Goods returned by customers	300
Cash received from customers	8,000
Discount allowed	100
Cash remitted to branch for:	
Rent & Rates	150

Salaries	600
Sundry expences	100
Defective goods written off	100
Goods returned by branch	1,200
Stock at the end	5,000

2. The following Trial Balance is received by a Head office from its branch:

Balance at bank	18,000	Sundry creditors	28,000
Cash in hand	280	Sales	4,40,000
Sundry debtors	1,08,000	Head office	1,15,680
Purchases	3,20,000		
Rent & Rates	10,000		
General Expenses	12,000		
Salaries	24,000		
Bad debts	1,400		
Fixture & fittings	4,800		
Machinery	9,200		
Stock on 1 st january	76,000		
	5,83,680		5,83,680

The proportion of Head office expenses to be charged to the Branch is Rs 9,000. The Salaries include a sum of Rs 5,200 paid to the branch manager who is further entitled to 15% on the net profit of the branch before charging such commission the branch stock on 31st December was Rs 44,000 Prepare the branch trading and Profit & Loss A/c and balance sheet allowing 10% depreciation on the fixture & fittings.

3. On 31-12-15, the trial balance of shyam, a merchant was extracted and from it the following balances were taken:

Stock (1-1-15)

Dept X	14,000	Sales:	
Dept Y	10,000	Dept X	52,000

Purchases		Dept Y	26,000
Dept X	20,000	Inter – dept transfer	
Dept y	16,000	Dept Y	1,000
Inter – dept transfer:			
Dept X	1,000		
Return inward:			
Dept X	800		
Dept Y	1,200		
Rent, Rates and Taxes	2,000		
General expenses	2,400		
Salaries	2,200		
Carriage inwards	1,800		
Wages:			
Dept X	4,000		
Dept Y	3,600		
	79,000		79,000

Stocks on 31—12—15 were:

Dept X : Rs 6,000

Dept Y : Rs 4,000

Make out Departmental Accounts for the year ended 31—12—15 from the above information, assuming that the departments occupy similar floor area.

4. From the following particulars given by M/s. Tins and Toys prepare departmental trading and profit & loss account for their two departments, viz, Tins department and Toys department, for the year ended 31—12—15.

Opening stock	Toys	2,500
	Tins	7,500
Raw materials consumed(Tins)		18,000

Stores consumed		4,500
Wages:		
	Tins	3,000
	Toys	1,500
Advertisement		750
Packing expences(Toys)		300
Office expences		2,400
Depreciation: Factory equipment		1,600
	Buildings	800
Sales:	Tins	45,000
	Toys	9,000
Closing stock	Toys	3,000
	Tins	6,000

ADDITIONAL INFORMATION

1. Toys are made out of end bits of sheets of raw materials used by Tins department. The value of such materials used during the year by Toys department was Rs.1,000
2. Toy making does not require any equipment
3. Only 1/8th of the total area of buildings was occupied by Toys department.

5. X Ltd has two departments, cloth and readymade. The latter department gets all its requirements of cloth from the cloth department at the usual selling price On 31st December 2015, the following was trial balance:

Stock (cloth dept)	80,000	Share capital	2, 00,000
Stock(readymade dept)	4,500	Sales:	
(Cloth at cost to co.)		Cloth	12,50,000
Transfer of cloth from cloth dept	50,000	Ready made	15,0000
Purchases:		Transfer of cloth to readymade dept	50,000
Cloth	11,00,000	Income from investments	9,500
Readymade	10,000		
Directors fees and			
Remuneration	30,000		

Wages and salaries:

Cloth	20,000
Readymade	40,000
Rent and Rates (3/4to cloth)	8,000
Lighting (3/4to cloth)	2,000

Depreciation:

Readymade	5,000
Cloth	1,000
Office salaries	16,000
Furniture & fittings	20,000
Office expenses	3,000

Equipment	50,000
Carriage Inwards on cloth	66,000
Investments	1,00,000
Cash at bank	54,000

16,59,500

16,59,500

6. Distinguish between hire purchase system and installment system.

7. X Ltd., purchased a piece of machinery on 1.1.2010 on the hire purchase system. The cash price of the machinery was Rs.29800. Terms of payment were Rs.8000 half yearly over two years, the first payment to be made on 30 June 2010. Rate of interest was 6% p.a.X Ltd., wrote off depreciation at 10% under written down value method. It closed its books on 30 June of every year. It could not pay the installment due on 30 June 2011 and as a consequences, the hire vendor took possession of the machinery. Give machinery account.

1. What are the various methods of adjusting the capital at the time of admission of a new partner

2. The following is the Balance sheet of X and Y

Liabilities		Assets	
Creditors	40000	Bank	40000
Bills payable	20000	Debtors	20000
General reserve	6000	Furniture	8000
Profit and loss A/C	6000	Building	54000
Capitals:			
X	30000		
Y	20000		
	—————		—————
	122000		122000

They agree to admit Z into partnership on the following condition:

- A goodwill account to be raised in the books at Rs.20000
- Furniture and building be depreciated by 5%
- A reserve of 5% be created on debtors
- Z brings Rs.24000 as his capital and gets $\frac{1}{4}$ th share in future profits

Prepare revaluation A/C, Partners capital A/C and the balance sheet.

8. What do you understand by piecemeal distribution? Explain different methods of making such distribution.

9. The following is the Balance sheet of X, Y and Z

Liabilities		Assets	
Creditors	62000	Stock	20000
Capitals:		Debtors	70000
X	75000	Plant and Machinery	50000
Y	22500	Land and Building	100000
Z	67500		
Y's loan	13000		
	—————		—————
	240000		240000

On the above date, they decided to dissolve the firm and to repay the amounts due to partners as and when the assets were realized Viz.,

- I Realisation Rs.45,000
- II Realisation Rs.1,09,500
- III Realisation Rs.70,500

Prepare the statement showing how the distribution should be made.