

II Semester B.Com. Examination, June 2008
(Semester Scheme)
FINANCIAL ACCOUNTING – II

Time: 3 Hours

Max. Marks : 90

Instructions: Answers should be written completely either in **Kannada** or in **English** .

SECTION – A

Answer **any 10** of the following. Each question carries **2** marks. (10×2=20)

1. a) What is a Memorandum Trading Account ?
- b) What is meant by average clause ?
- c) When do we have to prepare the previous year's Trading Account under Insurance ?
- d) Mention any 2 advantages of Single Entry System.
- e) Mention any 2 items appearing on the debit side of a total creditors account.
- f) Mention any 2 advantages of converting the books of accounts from Single Entry System to Double Entry System.
- g) Mention any 2 types of branches from the accounting point of view.
- h) What is meant by goods in transit ?
- i) Mention any 2 inter branch transactions.
- j) Mention any 2 advantages of maintaining departmental accounts.
- k) Mention any 2 advantages of loaded price based inter departmental transfer of goods.
- l) What is meant by an Accounting standard ?

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SECTION - B

Answer any 5 of the following. Each question carries 5 marks. (5×5=25)

2. Mention any 5 features of Single Entry System.
3. Briefly explain the stages in the conversion of books of accounts from Single Entry System to Double Entry System.
4. Calculate the total purchases from the following information related to Sunday creditors account.

Particulars	Rs.
Opening balance	3,000
Cash paid to creditors	90,000
Goods returned to creditors	15,000
Acceptances issued to creditors	90,000
Discount allowed by creditors	2,000
Closing balance	6,000

Cash purchases during the period amounted to Rs. 50,000/-

5. Journalise the following transactions in the books of a Head Office.
 - a) Head office paid branch commission Rs. 55,000/-.
 - b) Branch paid Rs. 10,000/- to a Head Office creditor.
 - c) Branch collected Rs. 60,000/- from a Head Office debtor.
 - d) Cash sent by the branch to the Head Office Rs. 30,000/- still in transit.
 - e) Goods sent by the Head Office to the branch Rs. 45,000/- still in transit.

6. Calculate Gross Profit percentage from the following information.

Particulars	Rs.
Opening Stock of Goods	40,000
Purchases of goods	2,80,000
Wages Paid	50,000
Direct expenses	20,000
Sales	4,50,000
Closing stock	30,000

7. Calculate total sales from the following information related to the total debtors.

Particulars	Rs.
Opening balance	60,000
Acceptances received	2,00,000
Cash received	3,08,000
Goods returned by the debtors	40,000
Discount allowed to the debtors	2,000
Closing balance	20,000

The cash sales during the period amounted to Rs. 90,000/-

8. Calculate the branch profit (dependent branch) from the following information.

Particulars	Rs.
Opening balances	
Branch Furniture	40,000
Branch Stock	6,00,000



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Transactions during the year

Goods sent to the branch	12,00,000
Cheques sent for branch expenses	50,000
Goods returned by the branch	20,000
Remittances by the branch	13,85,000
Closing balances	
Branch Furniture	35,000
Branch stock	6,50,000

9. Distribute the following expenses to the departments of a business on an appropriate basis :

Particulars	Rs.
Advertisement expenses	25,000
Rent	12,000
Electric lighting charges	7,000
Salaries paid	2,00,000
Depreciation	9,000

The following information is available regarding the departments.

Particulars	Departments		
	A	B	C
Sales in Rs.	10,00,000	10,00,000	5,00,000
Floor Area in sq. mts.	600	400	200
No. of light points	10	15	10
No. of employees	9	6	5
Values of assets in Rs.	5,00,000	2,00,000	2,00,000

SECTION - C

Answer any 3 of the following. Each question carries 15 marks. (3×15=45)

10. The Big Brother Company, Bangalore has a branch at Hubli which maintains its own books of accounts. The following Trial Balance has been prepared by the Hubli branch on March 31, 08.

Trial Balance on March 31, 08

Particulars	Debit	Credit
	Rs.	Rs.
Head Office a/c	11,664	
Opening stock	21,600	
Purchases	3,52,080	
Goods from Head Office	68,400	
Sales		4,96,800
Goods returned to the Head Office		21,600
Salaries	16,200	
Debtors	13,320	
Creditors		6,660
Rent	7,056	
Sundry expenses	5,292	
Cash at bank	6,408	
Furniture	21,600	
Depreciation on furniture	1,440	
	5,25,060	5,25,060

Closing stock at the branch Rs. 27,720

Prepare the Hubli branch trading and profit and loss a/c for the year ended March 31, 08 and the balance sheet of the Hubli branch on the above date.



11. The Huge Bazaar Departmental Stores has 3 departments D, E and F. The following information relates to the 3 departments for the year ended March 31, 08. Calculate the departmental net profits.

Particulars	Departments		
	D	E	F
	Rs.	Rs.	Rs.
Opening stock	78,000	91,000	39,000
Purchases	91,000	97,500	61,100
Sales	1,56,000	1,30,000	78,000
Direct expenses	26,260	18,850	9,230
Closing stock	1,01,660	1,16,350	46,930

The total indirect expenses of the organisation for the above period was Rs. 18,200/-. The indirect expenses vary with sales.

12. The Basha Company has branches at several places. The following information relates to the Mangalore branch which does not maintain books of accounts, for the year ended March 31, 08.

Particulars	Rs.
Opening balances (April 01, 07)	
Stock	18,750
Debtors	10,500
<u>Transactions during the year at the branch</u>	
Cash sales	81,000
Credit sales	52,500
Cash remitted to the Head Office	1,12,500
Furniture Purchased by the branch	9,000
Goods invoiced to the branch	1,36,500
Expenses paid by the Head Office	12,300
Expenses paid by the branch	900



Cash sent to the branch by the Head Office for the purchase of billing machine 9,750

Closing balances (March 31, 08)

Stock 22,500

Debtors 13,500

Goods are always sent to the branch at 125% of the cost. All the branch expenses are paid by the Head Office except the petty expenses paid by the branch manager.

Prepare the Mangalore branch account in the books of Head Office for the year ended March 31, 08.

13. The I Don't Care Enterprises had insured its goods for Rs. 1,60,000/-. There was an accidental fire in and its premises on Feb. 20, 08 which destroyed a major portion of the goods. Calculate the amount of the claim to be lodged for the loss of goods with the insurance company, based on the following information.

Particulars	Rs.
Stock of goods on Apr. 01, 06	1,44,000
Purchases during the year ended March 31, 07	5,84,000
Purchases returns during the year ended March 31, 07	8,000
Stock of goods on March 31, 07	2,01,600
Sales during the year ended March 31, 07	6,56,000
Sales returns during the year ended March 31, 07	16,000
Purchases from Apr. 01, 07 to Feb. 20, 08	1,34,400
Sales from Apr. 01, 07 to Feb. 20, 08	1,64,800
Sales returns from April 01, 07 to Feb. 20, 08	6,400
Stock saved	31,680

The stocks have always been valued at 90% of their original cost and the gross profit has remained the same.

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14. Ms. Suma, a general goods merchant does not maintain her books of accounts systematically. However the following information could be ascertained from her books of accounts for the year ended March 31, 08.

Particulars	Balances	
	On April 01, 07	On March 31, 08
	Rs.	Rs.
Plant and Machinery	63,000	63,000
Stock of goods	28,000	24,500
Sundry Debtors	7,000	10,500
Sundry Creditors	17,500	16,310
Balance at bank	14,000	?

Transactions during the year ended March 31, 08 (cash transactions)

	Rs.
Wages paid	21,000
Sundry expenses	8,250
Advertisement expenses	3,920
Rent paid	8,750
Purchase expenses	8,610
Cash collected from debtors	2,88,750
Cash paid to creditors	2,25,190
Drawing	10,920

Ms. Suma drew goods worth Rs. 2,730/- from the business during the year for her household purposes. The purchases returns and sales returns during the year amounted to Rs.7,000/- and Rs.3,500/- respectively. The plant and Machinery have to be depreciated @ 5%.

Prepare Trading and profit and loss a/c for the year ended March 31, 08 and also balance sheet on the same date.