

**St. Joseph College of Arts and Science(Autonomous)**

**Cuddalore**

**PG and Research Department of Commerce**

**Question Bank**

**FINANCIAL ACCOUNTING-II (CM203T) B.COM**

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**SECTION-A**

1. *What is average due date?*
2. *Write short notes on (a) Basedate (b) Due date?*
3. *What is the purpose of average due date?*
4. *Define account current?*
5. *What is account current and what is its purpose?*
6. *What are the different kinds of branches?*
7. *What are the features of dependent branches?*
8. *What do you understand by stock and debtors system?*
9. *What do you understand by a wholesale branch?*
10. *Differentiate between Departments and Branches?*
11. *What are departmental accounts?*
12. *What is the need for apportionment of expenses between different departments?*
13. *What is meant by stock reserve in relation to departmental accounting?*
14. *What do you understand by Inter-departmental transfers?*
15. *State any two advantages of preparing departmental accounts.?*
16. *What is memorandum revaluation account?*
17. *What is meant by 'Sacrificeratio'?*
18. *What do you understand by "Adjustment of capitals'on Admissions?*
19. *What is revaluation account?*

20. A and B are partners sharing profits in the ratio of 5:3. They admitted C into the firm giving him 1/6th share. Calculate the sacrificing ratio?

21. Differentiate between dissolution of partnership and dissolution of firm.

22. What do you understand by Garner Vs Murray?

23. Explain the meaning of 'Dissolution of firm'.

24. Who is an 'Insolvent partner'?

25. What do you understand by 'piecemeal distribution'?

### SECTION-B

1. Explain the steps needed to find an average due date, when an amount is lent in different instalments?

2. Explain the different methods of computing interest in account current?

3. List out the guidelines for ascertaining due dates of transactions?

4. X sold goods to Y as detailed below:

Date of invoice	Value of goods sold
5-5-94	2000
12-5-94	1500
19-5-94	3000
26-5-94	2200
1-6-94	1500
3-6-94	1000

The payments were agreed to be made by bill payable 90 days from the respective dates of invoice. However, Y wanted to arrange for payment of all the bills to be made on a single date.

Calculate the date on which such payment could be made without loss of interest to either Party.

5. The following transaction took place between Ram and Krishna from 1-1-09 to 30-6-09

2009

Jan. 1 sold goodstoram Rs. 2240

Jan. 10 received dram acceptance at 2 months Rs. 1000

Feb. 15 received cash from ram Rs. 1200

Mar. 2 brought goods from ram Rs. 5500

Mar. 3 accepted dram bilat 1 month Rs. 2000

Apr. 11 paid cash to ram Rs. 2000

Apr. 30 sold goodstoram payable upto 31<sup>st</sup> may Rs 2400

May. 11 brought goods from ram Rs. 1500

May 31 sold goodstoram payable upto 10<sup>th</sup> june Rs 2200

June 15 brought goods from ram Rs 3000

Prepare the account current to be sent by Krishna on 30<sup>th</sup> june 2009. The rate of interest is 5%

6. The General Merchants Ltd., Madras has a sales branch in Cuddalore. From the following figures, prepare Cuddalore Branch Account and also ascertain the profit or loss of the branch.

Particulars	Rs
Goods sent to branch	30,000
Cash sent to branch for Rent, rates and taxes	2,000
Other expenses	1,500
Cash received from the branch	52,000
Stock at Branch on 31st December	4,500
Prety cash in hand at bank	500

7. From the following particulars of Chennai branch for the year ending 31.12.2003, prepare branch A/c in the books of head office

Stock on	1.1.2003	10,000
Debtorson	1.1.2003	20,000
Pety cash sales	1.1.2003	1,500

<i>Goods sent to branch at cost</i>	<i>85,000</i>
<i>Cash sent to branch for</i>	
<i>Rent</i>	<i>2,000</i>
<i>Salaries</i>	<i>3,000</i>
<i>Cash sales</i>	<i>50,000</i>
<i>Collection from debtors</i>	<i>30,000</i>
<i>Goods returned by branch to head office</i>	<i>5,000</i>
<i>Stock on 31.12.2003</i>	<i>15,000</i>
<i>Debtors on 31.12.2003</i>	<i>28,000</i>
<i>Petty cash on 31.12.2003</i>	<i>1,000</i>

8. Explain the features of different types of branches and the type of accounting followed in them?

9. Distinguish between wholesale and retail branches. What are their special accounting features?

10. How do you prepare combined final accounts of a head office and its branch?

11. Prepare departmental trading accounts of a firm

	<i>Department</i>	
<i>Stock on 1.1.2009()</i>	<i>15,000</i>	<i>18,000</i>
<i>Purchases</i>	<i>23,000</i>	<i>30,000</i>
<i>Sales</i>	<i>40,000</i>	<i>60,000</i>
<i>Gross profit ratio</i>	<i>20%</i>	<i>30%</i>

12. Apportion the expenses of the firm to their departments in the cost of goods sold and

*Sale()* X-1,00,000, Y-80,000, Z-70,000

*Gross profit()* X-30,000, Y-40,000, Z-20,000

*Rent*—8,000, *salary* 14,000,

*Miscellaneous expenses* 16,000.

13. What are departmental accounts? What are the objectives of preparing such accounts?
14. Distinguish between department and branches?
15. Explain the procedure for preparation of departmental account?
16. Differentiate between Sacrificing Ratio and Gaining Ratio?
17. Explain various methods of treatment of goodwill on retirement of a partner.?
18. Describe the method of readjusting capitals of partners at the time of admission of new partner?
19. Sand Bare partners sharing profits in the ratio of 3:1. They admit Mas a partner for  $\frac{1}{4}$ th share. His share of goodwill is 54,000.

Give the journal entries in the following cases:

- i) When the amount of goodwill is paid privately.
- i) When the goodwill is received in cash and retained in the business
- i) When the goodwill is received in cash and withdrawn by the old partners

20. Show how the following items will appear in the capital accounts of the partners Neela and Beela when their capitals are fluctuating:

Particulars	Neela [Rs]	Beela [Rs]
Capital on 1.1.2014	8,00,000	7,00,000
Drawings during 2014	1,60,000	1,40,000
Interest at 5% on drawings	4,000	2,000
Share of profit for 2014	84,000	66,000
Interest on capital at 6%	48,000	42,000
Salary	72,000	-

21. State the treatment for unrecorded asset during dissolution of Partnership firm.?
22. Explain the rule laid down in Garner Vs Murray.?
23. Describe the different mode or ways in which a partnership firm may be dissolved?
24. X, Y, and Z are partners sharing profit & loss in the ratio of 2:2:1 respectively. Y is insolvent and his estate is unable to contribute anything. You are required to pass two journal entries

asper Garner Vs. Murray rule from the following information:

Realization loss Rs 1,20,000

Deficiency in Y's capital a/c: Rs 22,000

Capital ratio of X and Z: 75:25

25. How will you deal with the realization expenses of the firm of X and Y in the following cases.

1. Realization expenses amount to Rs 2,000

2. Realization expenses of Rs. 600 are paid by X

3. Realization expenses are to be borne by X for which he will be paid Rs 1,400. The actual expenses incurred by X were Rs. 2400

4. X was asked to look into the dissolution of firm for which he was allowed a commission of Rs 1,100

### SECTION-C

1. Sharama having accepted the following bills drawn by his creditor Gamdir Singh due on different dates, approached his creditor to cancel them and allow him to accept a single bill for the payment of his entire liability on the average due date. You are required to ascertain the total amount of bills and its due date

Bil no	Date of drawing	Date of acceptance	Amount	Tenure
1	16-2-96	20-2-96	16,000	90 days after Sight

2	6-3-96	7-3-96	12,000 after date	2 months
3	24-5-96	31-5-96	4000 after sight	4 months
4	1-6-96	4-6-96	18000	1 month

2. X and Y are two partners of a firm. They have drawn the following amount from the firm in the year end 31-3-94

X		Y	
Date	Rs	Date	Rs
1-7-93	600	1-6-93	1,000
30-9-93	1,000	1-8-93	800
1-11-93	1,600	1-2-94	800
28-2-94	400	1-3-94	1,800

Interest at 6% is charged on a drawing. Calculate interest chargeable under average due date (calculation to be on months basis)

3. What do you understand by 'varying rates of interest'? How do you prepare account current when varying rates of interest are to be used?

4. From the following particulars relating to Cuddalore Branch prepare the Branch account in the books of the Head Office for the year ending 31.12.2014:

Particulars	Rs
Stock on 1.1.2014	60,000
Debtors 1.1.2014	24,000
Petty cash 1.1.2014	400
Goods sent to Branch	1,00,000
Goods returned to Head office	1,200
Sales at Branch:	
Cash	60,000
Credit	84,000
Sales return at Branch	500
Bad debts written off	600
Discount allowed to customers	200
Branch expenses paid by H.O	6,000

*Petycashsenttobranch 1,000*

*Petyexpensesatbranch 800*

*Furniturepurchasedbythebranch2,000*

*Stock31.12.2014 25,000*

*5. Santhosh & CO Chennai, opened a branch at Trichy on 1.1.2004.*

*The following information relates to the branch for the year 2004*

<i>Goods sent to branch</i>	<i>45,000</i>
<i>Cash sales at branch</i>	<i>30,000</i>
<i>Credit sales at branch</i>	<i>36,000</i>
<i>Salaries paid by head office</i>	<i>9,000</i>
<i>Office expenses by head office</i>	<i>7,200</i>
<i>Cash remittance to branch for petycash</i>	<i>3,600</i>
<i>Stock on 31.12.2004</i>	<i>16,200</i>
<i>Debtors on 31.12.2004</i>	<i>3,000</i>
<i>Petycash on 31.12.2004</i>	<i>300</i>

*Prepare branch A/c to find out the profit or loss of the branch.*

*6. Explain the procedure to maintain accounts of branch under stock and debtor system?*

*7. The proprietor of a larger retail store wished to ascertain the approximate net profit of X, Y & Z departments separately for the three months ended 31st March 2009. It is found impracticable actually to take stock in that date, but an adequate system of departmental accounting is in use and the normal rates of gross profit for the three departments concerned are respectively 40%, 30%, and 20% on turnover before charging the direct expenses the indirect expenses are charged in proportion to departmental turnover.*

*The following are figures for the departments:*

	<i>X</i>	<i>Y</i>	<i>Z</i>
<i>Opening stock (1.1.2009)</i>	<i>10,000</i>	<i>14,000</i>	<i>7,000</i>
<i>Purchases</i>	<i>12,000</i>	<i>13,500</i>	<i>9,700</i>



Sales	20,000	18,000	16,000
Direct expenses	2,000	1,500	700

The total indirect expenses for the period (including those relating to other departments) were 5,400 on the total turnover of 1,08,000. Prepare a statement showing the approximate net profit, making a stock reserve of 10% for each department on the estimated value as on 31.3.2009.

8. ACO has two departments cloth and ready made. Prepare Departmental trading and profit and loss account for the year ended 31.12.2009

	Departments	
	Cloth	Readymade
Stock on 1.1.2009	2,70,000	36,000
Purchase	15,30,000	22,500
Sales	18,00,000	3,60,000
Transfer of cloth to Readymade Dept.	2,25,000	-
Manufacturing Expenses	-	54,000
Selling Expenses	22,500	9,000
Stock on 31.12.2009	4,50,000	67,500

9. What are interdepartmental transfers? How are they treated in departmental accounts?

10. The following is the balance sheet of A, B, C as on 31st March 2009.

The Profit sharing ratio is 4:3:1

Liabilities	Rs	Assets	Rs
Capital A/C:		Machinery	20,000
A	40,000	Buildings	30,000
B	40,000	Stock	10,000
C	30,000	Debtors	15,000
Sundry creditors	10,000	Cash	35,000

1,10,000

1,10,000

*Creteiresonthatdateonthefollowingterms*

*i) Stockandmachinerytobedepreciatedby10%*

*i) Buildingtobevaluedat50,000PreparerevaluationA/c,capitalA/cand balancesheetassumingthatCispaidimmediatelyincash.*

*11.RamandShyamarepartnerssharingprofitsandlossesintheratioof3:2.Their balancesheetisasfollows:*

<i>Liabilities</i>		<i>Assets</i>	
<i>CapitalAccount:</i>		<i>Machinery</i>	<i>30,000</i>
<i>Ram</i>	<i>30,000</i>	<i>Stock</i>	<i>24,000</i>
<i>Shyam</i>	<i>22,500</i>	<i>Debtors</i>	<i>22,500</i>
<i>Reserve</i>	<i>22,500</i>	<i>Bank</i>	<i>9,000</i>
<i>SundryCreditor</i>	<i>11,250</i>	<i>Cash</i>	<i>750</i>
	<i>86,250</i>		<i>86,250</i>

*Shyamreteresandthefollowingrevaluationaremade:*

*i) Depreciatemachineryby7.5%andstockby15%*

*i) Abaddebtsprovisionisraisedagainstdebtorsat5%andadiscountreserve againstcreditorsat2%*

*i) Thegoodwilofthefirmisvaluedat37,500Prepare RevaluationA/cPartner`scapitalA/candBalancesheetafter Shyam`s retirement.*

*12..Howisgoodwiltreatedatthetimeofadmissionofnewpartner.*

*13.Red,whiteandblueareinpartnership.Thefollowingthebalancesheetasat*

31.12.2009 on which date they dissolved partnership. They share profits in the ratio of 5:3:2

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
<i>Capitals:</i>		<i>Premises</i>	40,000
<i>Red</i>	50,000	<i>Plant</i>	30,000
<i>White.</i>	15,000	<i>Stock</i>	30,000
<i>Blue...</i>	45,000	<i>Debtors</i>	60,000
<i>Creditors...</i>	40,000		
<i>Red's loan</i>	10,000		
	1,60,000		1,60,000

14. The following is the balance sheet of Ram, Vikram and Sundar on 31.12.14.

<i>Liabilities</i>	<i>Rs</i>	<i>Assets</i>	<i>Rs</i>
<i>Creditors</i>	24,000	<i>Machinery</i>	50,000
<i>General reserve</i>	6,000	<i>Stock</i>	22,000
<i>Capital: Ram</i>	40,000	<i>Debtors</i>	19,000
<i>Vikram</i>	30,000	<i>Goodwil</i>	26,000
<i>Sundar</i>	20,000	<i>Cash</i>	3,000
	1,20,000		1,20,000

On the above date, the firm was dissolved. The assets realised were Rs. 1,00,000. The creditors were settled at Rs. 23,000. Dissolution expenses amounted to Rs. 2,000. The partners had 3:2:1 as their profit sharing ratio. Give the necessary journal entries.

