

Agashi Virar Arnala Education Society's
Padmashree Bhausaheb Vartak College

Financial Accounting Sem II

Question bank

Incomplete Accounting Records

1} following are given :

- 1) balance sheet of A on 1st January ,2013.
- 2) cash book for cash receipts and cash payment during the year.
- 3) summary of other transactions of 2013.

1} Balance sheet as at jan.1,2013

Liabilities	Rs	Assets	Rs
	800	Cash at bank	1950
B/P	1800	B/R	750
Creditors	10100	Debtors	2000
Capital		Stock	3000
		Plant and machinery	2000
		Land and building	3000
	12700		12700

2} cash book of the year 2013

Receipts	RS	Payments	RS
To balance 1-1-2013	1950	By salaries	600
To debtors	13500	By wages	740
To b/r	4500	By B/P	3660
		By creditors	7350
		By office expenses	400
		By a's drawings	1500
		By balance c/d	5700
	19950		19950

3} summary of other transactions during the year 2013

Purchases rs 15000 sales rs1900 ,discount allowed to debtors rs100,b/r received during the year rs 4550,b/p given during the year rs 7750 ,stock on 31-12-2013 rs 3500.Depreciate plant and machinery by rs 200 and land and building by rs 150 .Prepare trading and profit and loss account and balance sheet for 2013

2) You are given: (I) A Balance Sheet of X as on 1st January 2013. (II) A Summary of Cash Transact for 2013. (III) A List of remaining transactions for that year.

1]

Liabilitiest	Rs	Assets	Rs
Loans	12000	Debtors	
Creditors	27000	40000	39250
Bills Payable	1500	Less provision 750	10000
Capita	140000	Bill receivable	45000
		Stock	30000
		Plant	55000
		Buildings	1250
		Cash	
	180500		180500

2}

receipt	Rs	Payments	Rs
To balance on 1-1-2013	1250	By payment to creditors	110000
To amount received from debtors	172000	By cash purchases	25000
To bills receivable	35000	By bills payable	45000
To cash sales	24500	By loans paid	12000
		By salaries	9000
		By rent	6000
		By interest	450
		By general charges	750
		By drawings	15500
		By balance on 31-12-2013	9050
	232750		232750

3}

Total purchases	215000
Total sales	235000
Discount allowed to cutomers	1250
Discount allowed by creditors	1850
Bills receivable received during the year	60000
Bills payable granted during the year	50000
Stock on 31 st December ,2013	90000
Owing for outstanding expenses	1500
Commission earned by the firm but not received	1200

Provide 5% reserve for dobtful debts and 2 ½ % for discount on debtors on debtors ,and depreciate buildings by 2 ½ and plant by 5% p.a. you are required to prepare trading and profit and loss account and balance sheet from the above .

3) You are given (a) then balance sheet of rajkumar on 31 st march ,2014 ,(B)a cash account for the year ended 31st march ,2015 and (c) additional information . you are required to prepare trading and profit and loss account for the year ended 31st march, 2015 and balance sheet as on that date .

Balance sheet as on 31 -3-2014

Liabilities	Rs	assets	Rs
Creditors	36000	Cash	9000
Bills payable	72000	Bank	18000
Capital	180000	Bills receivable	36000
		Debtors	45000
		Stock	36000
		Furniture	18000
		plant	126000
	288000		288000

Cash and bank account for the year ended 31-3-2015

Particulars	Rs	particulars	Rs
To balance b/d	27000	By drawings	21600
To cash sales	63000	By wages	36000
To collection from debtors	144000	By payment to creditors	63000
To bills receivable	135000	By bills payable a/c	108000
		By sundry expense	54000
		By rent,rates and taxes	36000
		By balance b/d	50400
	369000		369000

Additional information:

RS

A)debtors on 31 st march ,2015	72000
B)creditors on 31 st march ,2015	45000
C)bills receivable on 31 st march ,2015	54000
D)bills payable on 31 st march ,2015	90000
E)stock on 31 st march,2015	54000
F)discount allowed	1800
G)discount received	3600
H) bills receivable endorsed	27000
I)bills receivable in hand dishonoured during the year	9000
J) bills receivable as endorsed dishonoured	3600
k) bills payable dishonoured	3600

4) valchand commenced business as a food merchant on 1st january,2013 with a capital of rs 20000 .on the same day he purchased furniture and fittings for cash rs 8000 . from the following particulars obtained form his books kept by single entry you are asked to prepare a trading and profit and loss account for the year ended 31st December 2013 and a balanced sheet as on that date :-

Sales {inclusive of cash rs 20000)	40000
Purchase(inclusive of cash rs 12000)	34000
Valchand's drawings	2400
Salaries of staff	3600
Bad debts written off	1000
Business expenses	1400

Valchand took food worth 1000 from the shop for private use and paid rs400 to his son ,but omitted to record these transactions in his books . on 31st December,2013 his sundry debtors were rs 10400 and sundry creditors rs 7200.stock in hand on 31st December ,2013 was rs 13000

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Consignment accounts

1) Ramdas & Company of Mumbai consigned 50 bundles of cutpiece cloth @700 each to Mukherjee & Co. of Kolkata to be sold on commission basis. An advance of 16,000 was received from Mukherjee & Co. Mukherjee & Co. sent an account sale which states that total goods were sold for 56,000 and 1,800 rods were paid for carriage, godown rent and port expenses. Their commission was 2,000. They sent a bank draft for the balance amount to Ramdas & Co. From the above particulars pass necessary journal entries in the books of Ramdas & Co, and also show Ledger Accounts in the books of the consignor and Consignee

2) Sen & Co. of Calcutta consign goods costing Rs.25,000 to their agent, Mustak of Mysore, on which they pay freight, Insurance and charges Rs.1,500, drawing on him a bill of exchange at 90 days for Rs.20,000. They discount the bill at Mercantile Bank being charged Rs.200 thereof. After two months they received from their agent an Account Sales informing that the entire consignment has been sold for Rs.35,000, that expenses amounting to Rs.700 have been incurred and showing as a deduction the agreed commission of 2 percent on the amount realized. A draft on the Syndicate Bank was enclosed for the balance due.

Show important ledger accounts in the books of both the parties.

3) Neil of Latur consigned on 1st January, 2015, 800 Hard disk costing ₹ 1,500 per piece to Denis of Barshi, Freight charges incurred on the consignment were ₹25,500. On 1st January, 2015, Neil drew a bill on Denis for ₹ 4,50,000 payable on 31st March, 2015 which was duly accepted by Denis. The bill was discounted by Neil with his bankers on the same day at 12% p.a. discount to be treated as consignment expenses. Denis rendered account to Neil on 31st March, 2015 showing cash sales of 300 Hard disk at ₹ 1,700 per Hard disks and credit sales of 500 Hard disks at ₹1,800 per Hard disk. He incurred selling expenses of ₹ 44,080 Denis was entitled to a commission of 10% and additional 2% as Del Credere commission. On 31st March, 2015, Denis remitted to Neil the amount due to him. You are required to prepare Consignment Account and Denis's Account in the books of Neil and Neil's Account in the books of Denis.

4) Ram & Co. of Calcutta consigned 50 cases of goods at 200 each to Nathan of Mumbai. The consignor pays 200 for insurance and for freight ₹300. Nathan sent an account sales showing the gross proceeds at ₹ 24,000. The expenses paid by Nathan were dock dues 20, carriage 50. warehousing expenses ₹ 130. He sent the amount due to the consignor after deducting 4 per cent commission. Give journal entries in the books of both the parties

Branch accounts

1) Hari is having his head office at Mumbai and branch office at nasik .Prepare the branch account in the books of the head office from the following transactions with the brnch:

Particulars	Rs	particulars	Rs
Opening balance at branch:		Amounts remitted to the branch for:	
-petty cash	1000	-petty cash expenses	4000
-stock	39500	-salary	12000
-debtors	21000	-rent and taxes	3500
Goods supplied to branc during the year	310000	Closing balances at branch:	
Amounts remitted by the branch:		-Petty cash	950
-cash sales	113200	-debtors	53000
-realisation from debtors	230300	-stock	26500

2) from the following details prepare mumbai branch account for the six months ended 31st December,2013 after depreciating branch furniture at 20% per annum:-

Particulars	Rs	Particulars	Rs
Opening branch assets:		Branch expenses paid by the head office	34000
-branch stock	20000	Remittances received from the branch	232800
-branch petty cash	6000	Closing branch assets :	
-branch furniture	26000	-branch stock	24000
-branch debtors	30000	-branch petty cash	4000
Opening branch liabilities:		-branch debtors	34000
-branch outstanding expense	1000	Closing branch liabilities:	
Goods sent to the branch	180000	-branch outstanding salaries	1400
Petty cash sent to the branch	16000		

3)Gupta traders of patna have their branch at mumbai .prepare the necessary accounts in the books of the head office from the following transactions with the branch.

Particular	Rs	particular	Rs
Opening balance:		Closing balances:	
-petty cash at branch	1250	-petty cash at branch	1880
-stock at branch	77000	-debtors at branch	126150
-debtors at branch	41250	-stock at branch	57880
Goods sent to branch during the year amount remitted to the branch:	378000	Discount allowed to customers	1060
-for petty cash expenses	7500	Amount remitted by the branch:	26250

-for salary	18500	-cash sales	410350
-for rent and taxes	6000	-realisation from debtors	
		Mr.sharma to whome goods were sold by branch directly remitted the amount to H.O.	9000

4)Form the following information ,prepare madras branch account in the books of head office for the year ending 31st march 2014 .depreciate the furniture @10%p.a.

Particular	Rs	Particular	Rs
Opening stock (at cost)	356000	Closing stock (at cost)	376800
Opening debtors	28000	Closing debtors	192000
Opening petty cash	500	Closing petty cash	240
Furniture (in the beginning)	12000	Furniture at the end	?
Opening creditors	12000	Closing creditors	12000
Goods sent to branch (at cost)	1044000	Cheques sent to branch for expenses	99740
Goods returned by branch to H.O(at cost)	17200	Cash received from debtors	1278000
Goods returned by customers to branch	13800	Cash sales	64000

Fire insurance claims

1) On 17th June, 2013, a fire occurred in the premises of Mr. Bookworm, a bookseller. Most stock was destroyed, the cost of the salvaged stock being 11,200. In addition, some stock salvaged in damaged condition and its value was estimated at 10,400. The following part were available from the books of accounts:

(1) Stock at the close of accounts on 31st December, 2012 was 83,500.

(2) Purchases from 1-1-2013 to 17-6-2013 amounted to ₹1,12,000 and sales during that period amounted to ₹ 1,54,000.

(3) On the basis of the past three years it appears that on average the gross profit of 25% is earned on sales. Stock was insured for ₹ 75,000. Compute the amount of claim.

2} A fire occurred in the premises of Agni on 25th August, 2013 when a large part of the stock was destroyed. Salvage was 15,000. Agni gives you the following information for the period January 2013 to August 25th, 2013:

(a) Purchases 85,000

(b) Sales 90,000

(c) Goods costing ₹ 5,000 were taken by Agni for personal use

(d) Cost price of stock on January 1, 2013 was 40,000.

Over the past few years, Agni has been selling goods at a consistent gross profit margin of 33%. The Insurance Policy was for ₹ 50,000. It included an average clause.

Agni asks you to prepare a statement of claim to be made on the insurance company.

3} on 20th October, 2013, the godown and business premises of Aman Ltd. were affected by fire. From the salvaged accounting records, the following information is available.

Stock of goods @10% lower than cost as on 31 st March, 2013	216000
Purchases less returns (1-2-13 to 20-10-13)	280000
Sales less returns (1-2-13 to 20-10-13)	620000

Additional information :

1. Sales upto 20th October, 13 includes ₹80,000 for which goods had not been dispatched.

2. Purchases upto 20th October, 13 did not include ₹ 40,000 for which purchase invoices had not been received from suppliers, though goods have been received in Godown.

3. Past records show the gross profit rate of 25%.

4. The value of goods salvaged from fire ₹ 31,000.

5. Aman Ltd. has insured their stock for ₹ 1,00,000.

Compute the amount of claim to be lodged to the insurance company.

4) the premises of emarbee limited were engulfed by fire on 16th November 2013 where by substantial stock was severely destroyed .the records available with the company yield the following information :

a)for year ended 31st march ,2013:

Particulars	Rs	Particular	Rs
To stocks	150000	By sales	3000000
To purchases	1230000	By stocks	180000
To freight and direct expenses	300000		
To wages	600000		
To gross profit	900000		
	3180000		3180000

b)for half year ended 30th September ,2013

sales 1800000

purchases 840000

c)for period from 1st octomber to date of fire sales and purchases were at same ,monthly rate as for period 1st April,2013 to 30th September,2013.

d)the freight ,wages and direct expenses during period 1st April 2013 to date of fire were at the same rate per month as in last year.

e)salvage value is 10% of cost of stocks

f)the sum insured is rs 200000 and policy contains average clause.compute the amount of claim .

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Theory Question

Distinguish Between Single Entry and Double Entry

Branch and Various Methods Of Branch Accounting

Explain In brief Fire Insurance claim for Loss of Stock

Explain the features of Consignment Account

Short Notes

- a) Consignment Account
- b) Average Clause
- c) Memorandum Trading Account
- d) Del Credere commission
- e) Dependent Branch
- f) Total Debtors Account
- g) Total Creditors Accounts
- h) Account Sales
- i) Stock Reserve
- j) Goods sent to Branch Account

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