

TIME: 2 ½ HOURS

MARKS: 75

- N.B:1) Figures to the right indicate full marks**
2) All questions are compulsory
3) Use of simple calculator is allowed
4) Working note should form the part of answer

Q1A) State whether the following statements are True or False (Any 8 out 10) 8 marks

1. Under Single entry system, it is not possible to ascertain the gross profit earned by the business.
2. Income- tax allows small traders to adopt single entry system for keeping books of accounts.
3. Receipt from branch debtors are not recorded in the Branch Account kept under the 'Debtor method'.
4. Stock Reserve Account is used to adjust loading on closing stock lying at the branch HO sends goods to branch at invoice price.
5. While calculating the insurance claim, value of salvage is deducted from the cost of the stock lost.
6. Limited companies are free to choose either single entry or double entry system of accounting.
7. An Account Sales is a ledger account in the books of the consignee.
8. Expenses incurred in forwarding the defective goods should be debited to profit and loss account.
9. Under stock and Debtors method, Branch Stock A/c is opened in order to ascertain net profit/loss of branch.
10. Memorandum Trading Account can be prepared if proper stock records are available.

Q1 B) Match the column (Any 7 out 10)

7 marks

| Column A | Column B |
|---|---|
| 1. Debit side of Total Debtors A/c | a) Applies only in case of over-insurance |
| 2. Credit Side of Machinery A/c | b) Based on cost |
| 3. Account sales | c) Credit to branch stock account |
| 4. Ownership of goods is passed on to the buyer | d) Credit to branch debtors account |
| 5. Collection from debtors by consignee | e) Debit to branch stock account |
| 6. Gross profit transferred | f) No entry |
| 7. Discount to customers | g) Sale |
| 8. Loss of goods in fire | h) Principal and agent |
| 9. Mark up | i) Balance to be shown in closing statement affairs |
| 10. Average clause in a fire insurance | j) Credit sales |

Q2] M/s. Ananya Plastic Traders supplies you the following information:

15 marks

| Particulars | 1 st April, 2018 (Rs) | 31 st March, 2019 (Rs) |
|------------------|----------------------------------|-----------------------------------|
| Sundry Debtors | 180000 | 210000 |
| Stock | 150000 | 210000 |
| Sundry Creditors | 110000 | 120000 |
| Furniture | 20000 | ? |
| Machinery | 350000 | ? |

Summary for the cash transaction for the year 2018-19

| Receipts | Rs | Payments | Rs |
|---|---------|--|---------|
| Opening Balance | 30000 | Paid to creditors | 350000 |
| Cash Sales | 110000 | Wages | 160000 |
| Received from Debtors | 780000 | Salaries | 150000 |
| Loan from Rajiv @8% p.a. on 1 st April, 2018 | 100000 | Printing and Stationery Expenses | 60000 |
| | | Drawings | 120000 |
| | | Machinery Purchased on 1 st April, 2018 | 100000 |
| | | Closing Balance | 80000 |
| | 1020000 | | 1020000 |

Discounts Allowed were Rs 12000 and discount received Rs 10000. Bad Debts written off were Rs 8000.

Depreciation is to be provided on Furniture @10%p.a. and on Machinery @20%p.a. Expenses include payment of Rs 2000 which relates to 2019-2020. Wages outstanding Rs 11000.

Prepare Trading Profit and Loss Account of M/s. Ananya Plastic Traders for the year ended 31st March, 2019 and Balance Sheet as on that date.

OR

Q2] Mr. Shreeshant does not maintain his books of accounts on Double Entry book keeping system. He supplies you the following information.

15 marks

a) Assets and Liabilities as on 1st April, 2017 and 31st March, 2018.

| Particulars | 1-4-2017 (Rs) | 31-3-2018 (Rs) |
|-----------------------|---------------|----------------|
| Sundry Debtors | 22400 | 16400 |
| Stock | 25500 | 67200 |
| Sundry Creditors | 42820 | 19740 |
| Furniture | 24000 | 24000 |
| Machinery | 35000 | ? |
| Cash and Bank Balance | 1000 | 8200 |

b) Transactions During year ending 31st March, 2018.

| Particulars | Rs |
|---------------------------|-------|
| Payment made to Creditors | 35000 |
| Salaries | 14660 |
| Cash sales | ? |

| | |
|-----------------------|-------|
| Received from Debtors | 79080 |
| Capital Introduced | 10000 |
| Carriage Inward | 16420 |
| Office Expenses | 5800 |
| Purchase of Machinery | 10000 |
| Drawings | 12000 |

Discount allowed were Rs 1200 and discount received Rs 1000. Bad debts written off were Rs 800.

Depreciation is to be provided on Furniture @20%p.a. and on Machinery @10%p.a. Salaries outstanding Rs 2000

Prepare Trading, Profit and Loss Account of Mr. Shreeshant for the year ended 31st March, 2018 and Balance sheet as on that date.

Q3] On 15 January, 2017 Janson & Co. of Mumbai sent to Mukesh & Co. of Kolkata 800 bicycles at an invoice price of Rs 200 per bicycle to be sold on commission. Freight and insurance were Rs 1200

Account sale was received from consignee as follows:

15th February – 200 bicycles were sold @ Rs 290 on which 5% Commission and Rs 750 for expenses were deducted.

10th March – 300 bicycles were sold @ Rs 280 on which 5% Commission and Rs 580 for expenses were deducted.

From the above information prepare Consignment a/c in the books of Janson & Co. and close it on 31st March 2017 keeping in mind that no sales were made afterwards. Also show accounts in the books of Mukesh & co. 15 marks

OR

Q3] Mr. Ram Rao, Delhi has a branch at Mumbai. All purchases are made by the head office.

Goods are sent to Branch at invoice price which is cost plus 50%. The Branch does not maintain double entry books of accounts, the books are kept at the head office. Branch sells goods for cash as well as on credit. All the expenses of branch are paid by Head Office. All cash collection is sent to head office every day. From the following information supplied to you, prepare Branch A/c at Cost Price in the books of head office for the year ended March 2019: 15 marks

| Particulars | Rs |
|---|--------|
| Stock at Branch at Invoice price on 1 st April, 2018 | 66900 |
| Debtors at Branch on 1 st April, 2018 | 132300 |
| Furniture at Branch on 1 st April, 2018 | 32000 |
| Goods sent to Branch at invoice price | 720000 |
| Cash sales | 280000 |
| Credit sales | 562000 |
| Cash received from Debtors | ? |

| | |
|--|-------|
| Bad Debts at Branch | 32260 |
| Expenses of Branch paid by Head Office: | |
| Salaries | 37200 |
| Rent | 56800 |
| Printing and Stationery | 28800 |
| Sundry Expenses | 26380 |
| Goods returned by Branch to Head Office at Invoice Price | 30000 |
| Goods returned by Branch to Debtors | 24000 |
| Stock at Branch at Invoice price on 31 st March, 2019 | 78000 |
| Debtors at Branch on 31 st March, 2019 | 54000 |
| Furniture at Branch on 31 st March, 2019 | 28800 |

Q4] Bhagwati Stores closed their Books every year on 31st March. On 30th April 2018 their Premises and Stock were destroyed by fire. From books of accounts and other records the following information is obtained. The stock on hand every year has always been valued at 10% less than the cost. 15 marks

| Particulars | 2014-15 Rs | 2015-16 Rs | 2016-17 Rs | 1-4-17 to 30-4-18 (Rs) |
|-------------------------|---------------|---------------|---------------|------------------------------|
| Opening stock | 541800 | 648000 | 720000 | 738000 |
| Purchases Less- Returns | 1498000 | 1600000 | 1620000 | 120000 |
| Sales Less- Returns | 2400000 | 2640000 | 280000 | 240000 |
| Wages | 348000 | 380000 | 418000 | 40000 |
| Closing Stock | 648000 | 720000 | 738000 | - |

They have taken Fire Insurance Policy of Rs 700000 and there is an average clause in the policy.

The salvaged goods amounted to Rs 20000.

Find out the amount of claim to be submitted to the Insurance Company.

OR

Q4] A fire occurred in the premises of Mr. Rohan on 15th October, 2018. 15 marks

From the following particulars ascertained the loss of stock and prepare a statement of claim to be lodged with the Insurance Company.

| Particulars | Rs |
|------------------------------------|---------|
| Stock (31-3-2017) | 396000 |
| Stock (31-3-2018) | 484000 |
| Purchases for 2017-18 | 1280000 |
| Sales for 2017-18 | 1600000 |
| Purchases (1-4-2018 to 15-10-2018) | 1200000 |
| Sales (1-4-2018 to 15-10-2018) | 1516000 |

Stock on 31st March, 2017 was valued at 90% of cost price and 31st March, 2018 was valued at 10% above cost. Salvage was Rs 35600 the amount of policy was Rs 400000. The claim was subject to average clause.

Q5 a] Distinguish between consignment and sale

8 marks

Q5 b] Explain in brief Stock and Debtors Method

7 marks

OR

Q5] Write short notes (Any 3 out 5)

15 marks

- 1) Branch Adjustment Account
- 2) Average Clause Policy
- 3) Del Credere Commission
- 4) Conversion Method
- 5) Defects of Single Entry System.
