SAINTGITS COLLEGE OF APPLIED SCIENCES

DEPARTMENT OF COMMERCE

QUESTION BANK FOR B COM (Computer Applications & Taxation)

FINANCIAL ACCOUNTING II

MODULE I

ACCOUNTING FOR HIRE PURCHASE

(CO-Illustrate accounting procedure of Hire purchase system)

SECTION A

1. What is the hire purchase system?
2. What is cash down payment?
3. Differentiate between hire vendor and hire purchaser.
4. What is complete repossession?
5. What is instalment purchase system?
6. Explain asset accrual method.
7. How do you deal with repossessed stock in the books of the hire vendor.
8. Distinguish between cash price & hire purchase price.
9. Explain hire purchase agreement.
10. Narrate analysis table.

SECTION B

11. Distinguish between hire purchase and credit sale.
12. Distinguish between hire purchase and instalment system.
13. Distinguish between complete repossession and partial repossession.
14. On 1.1.2013 Ram purchased a television on hire purchase system. Rs.3000 being paid on delivery and the balance in five instalments of Rs.6000 each, payable annually on 31st December. The cash price of the machine was Rs. 30,000. Calculate the amount of interest for each year.
15. Narrate journal entries in the books of hire purchaser under Credit purchase method.
16. Define Hire purchase system? What are the main features of Hire purchase system?
17. How do you deal with repossessed stock in the books of hire vendor.
18. What is a Hire purchase trading account? Give format.

SECTION C

19. On 1st April 2013 Kerala Transport Corporation purchased a Motor Truck from Tata Motors under hire purchase system. The cash price of the motor truck was Rs. 3,28,000.

The hire purchaser paid Rs.1,00,000 on signing the agreement and the balance in three equal instalments of Rs.1,00,000 each being paid annually on 31st March every year.Depreciation was provided at 25% p.a.under Diminishing Balance Method. Interest was charged at 15%p.a.

Give journal entries and ledger accounts in the books of both the parties under credit purchase method.

20. On 1/1/2012 Anjali purchased a Machinery on hire purchase system. The total cash price of the machinery was 1,00,000. Anjali paid Rs.20,000 down on signing the agreement and the balance in four equal instalments of Rs. 20,000 each together with interest at 10 percent per annum on 31st December every year. The hire purchaser writes off depreciation at 10 percent per annum on fixed instalment method.Give journal entries and important ledger accounts in the books of both the parties.
21. On 1/1/2014 Rahul bought a Machinery from Rohit enterprises under hire purchase system. The cash price of the machinery was 3,00,000. Rahul paid Rs.1,00,000 on signing the agreement and the balance was agreed to be paid in four equal instalments at the end of each year together with interest at 20 percent per annum. The machinery was depreciated at 10 percent per annum under the diminishing balance method. Show the important ledger accounts in the books of Rahul.
22. Veena purchased a refrigerator under hire purchase agreement from Cool India Ltd. on.1.1.2015.

The cash price of the refrigerator was Rs.15,500. The payment was to be made as follows;

On signing the agreement,1.1.2015 :3,000

At the end of the first year,31.12.15 :5,000

At the end of the second year,31.12.16 :5,000

At the end of the third year,31.12.17 :5,000

Calculate interest for each year and prepare the statement showing interest.

MODULE II

BRANCH ACCOUNTS
(CO-Examine accounting for Branches)

SECTION A

1. What are branch accounts?
2. State any four features of branch accounts.
3. What do you mean by dependent branches?
4. What is the Debtors system?
5. What is a branch account in the debtors system?
6. What do you mean by the Memorandum debtors system?
7. What do you mean by loaded price?
8. What is a branch stock account?
9. What is a branch adjustment account?
10. What do you mean by independent branches?

SECTION B

11. Explain the features of branches.
12. Give the classification of branches from an accounting point of view.
13. Briefly explain the accounting procedure under the debtors system.
14. Explain stock & debtors system.
15. From the following, prepare a branch account.
    Opening stock- 11200
    Opening debtors- 6300
    Goods sent to branch- 51000
    Cash sent to branch for expenses- 5000
    Sales at branch- 66200
    Closing stock- 13600
    Closing debtors- 4100
16. Give journal entries for the following transactions under independant branch system

    a. When goods are sent to branch

    b. When cheque is sent for branch expenses

    c. For beginning balance of assets

    d. For closing balance of liabilities

    e. When cheque received for remittance

17. Distinguish between dependent & Independent branches.
18. Draw up a branch stock account.

SECTION A

19. Star Ltd, Kochi opened a Branch at Kollam to which goods are sent at selling price which is cost plus 33.33%. The following relates to the branch for the year 2015 from which you are asked to give journal entries and the ledger accounts under stock and debtor system.

Goods send to branch (selling price)	2,00,000
Cash sales during the year	90,000
Credit sales during the year	70,000
Cash received from the debtors	55,000
Discount allowed to debtors	2,000
Bad debts written off	500

Remittance for branch for

Rent	4,000	
Salary	5,000	
Other expenses 1000		10,000

20. Brothers agencies, Kalloor has a branch at Pathanapuram and inorder to maintain strict control on branch stock, invoices goods to the branch at selling price which is made at a profit of 20% on cost. From the following particulars, prepare necessary accounts under the stock and debtor system.

Stock at branch at the beginning	30,000
Debtors at the beginning	12,000
Goods sent to branch during the year	3,15,000

Returns by branch to head office	15,000
Cash sales	1,20,000
Total sales	2,37,000
Receipt from debtors	88,000
Discount and allowance to debtors	2,000
Returns by debtors to branch	6,000
Remittance to branch for expenses	20,000
Stock at branch on the closing date	96,000
Expenses outstanding on the closing date	2,000

21. Write adjustment entries in the books of head office for following transactions..

a. Goods purchased by Agra branch but payment for the same made by head office 9000

b. Machinery for branch bought by head office but payment for the same made by Agra branch 60,000 and assets accounts kept by H.O

c. Depreciation of branch machinery whose account is kept by H.O 3000

d. Goods transferred from Kollam branch to Kundra branch 4000

e. Head office expenses to be charged on Agra branch for work done on its behalf by head office 2,500

f. Goods sent by H.O to Agra branch 6,000 not yet received by branch

g. Cheque sent by Agra branch to H.O 12,000 not received by H.O before closing of books.

h. Agra branch paid 2,000 H.O official as part of salary

22. Distinguish between detailed and abridged incorporation. Also give journals in the books of head office under Detailed incorporation method.

MODULE III
DEPARTMENTAL ACCOUNTS
(CO-Contrast profitability of departments)

SECTION A

1. What are departmental accounts?
2. Write a short note on provision for unrealised profit.
3. Explain inter-departmental transfers.
4. Differentiate independent and dependent departments.
5. What is dual pricing?
6. Outline the objectives of departmental accounts.
7. Explain the preparation of departmental accounts on tabular basis.
8. What are the adjusting entries in the case of inter-departmental transfers?
9. Explain the calculation of stock reserve .
10. State how the following expenses are allocated among departments.
    (a) Bad debts (b) Depreciation (c)Salaries & wages (d) Discount received

SECTION B

11. Explain the differences between branches and departments.
12. What are the advantages of departmental accounts.
13. Distinguish between departmental accounts and branch accounts.
14. Explain the principles governing the allocation of common expenses in departmental accounts.
15. Write a short note on inter- departmental transfers.
16. Krishna departmental store has two departments X and Y. From the following prepare Departmental Trading Account.
    Department X 1,000 units
    Department Y 2,000 units

17. From the following details, prepare Departmental Trading Account

Particulars	Department A	Department B
	(Rs.)	(Rs.)
Opening stock	9,000	8,400
Total purchases	27,000	21,600
Total sales	42,000	36,000
Closing stock	10,800	4,800

18. Write a note on transfer between departments.

SECTION C

19. The following particulars were made by a business house having three departments:

Department A-1000units

Department B-2000 units

Department C-2400 units

At a Total Cost of Rs.100,000

Stocks on 1st January were:

Department A-120units

Department B-80 units

Department C-152 units

The Sales were:

Department A-1020units at Rs.20 each

Department B-1920 units at Rs.22.50 each

Department C-2496 units at Rs.25 each.

The rate of gross profit is same in each case, Prepare Departmental Trading account.

20. From the following figures prepare accounts to disclose total profit and the profits of the two departments:

Opening Stock: A-15200

B-10,800

Purchases: A-75100

B-69800

Carriage inwards-2860

Salaries: A-9000

B-8500

General Salaries-11,600

Rent and Rates- 6000

Advertising- 8100

Insurance- 1000

General Expenses-5400

Discount allowed-1800

Accounting Charges-500

Sales: A-100000

B-80000

Purchase return: A-1100

B-800

Discount Received-1430

The following information is supplied:

1.The closing stock of the departments were A- Rs.67800 and B-35600

2.Goods transferred from Department A to B were Rs.5000.This has not been yet recorded

3.General salaries to be allocated equally

4.Area occupied in the ratio 3:2

5.insurance premium is for a comprehensive policy,allocation being inconvenient

6.manufacturing expenses of Department amounted to Rs.500

7.Depreciation of buildings to be provided at 5%p.a. The value of the building occupied by both departments was Rs.2,10,000.(Dept.A occupying Two-third portion and Dept.B occupying the rest

21. Explain the allocation and apportionment of common expenses in departmental accounts.
22. Explain the methods of preparing departmental accounts.

MODULE IV
(CO-Evaluate dissolution of partnership firms)
SECTION A

1. What is dissolution of partnership?
2. Outline order of settlement of accounts on the dissolution of a partnership firm.
3. Explain realisation account.
4. What is meant by deficiency?
5. What are the two important rulings given as per the decision in Garner vs Murray?
6. Explain piece meal distribution in case of dissolution of a partnership firm.
7. What is proportionate capital method?
8. What is dissolution of a partnership firm?
9. Explain maximum loss method.
10. What is meant by insolvency of a partner?

SECTION B

11. Distinguish between dissolution of partnership and dissolution of partnership firm.

12. Explain the different modes of dissolution of a partnership firm.
13. Explain Garner vs Murray case.
14. Explain the procedure of settlement of accounts on dissolution of firm.
15. Give journal entries on dissolution of partnership firms.
16. Explain the account treatment on dissolution when all partners become insolvent.
17. A, B, C and D were partners sharing profits and losses in the ratio 3:2:3:2. Their position on 31.12.2020 were as follows.

Balance Sheet

Liabilities	Rs	Assets	Rs.
Creditors	22,000	Cash at bank	12,000
Capitals:		Capital:	
A	80,000	C	10,000
B	40,000	D	20,000
		Realisation loss	1,00,000
	1,42,000		1,42,000

D became insolvent. An amount of Rs.10,000 was received from his private estate.Close the books of the firm as per the decision in Garner vs Murray.

18. A and B were partners in a firm sharing profits and losses equally. Their balance sheet stood as follows on 31.12.2020

Balance Sheet

Liabilities	Rs	Assets	Rs
Creditors	3,90,000	Cash at bank	30,000
Capital:		Debtors	50,000
A	60,000	Stock	62,500

		Furniture	40,000
		Plant & Machinery	1,47,500
		B's capital - overdrawn	1,20,000
	4,50,000		4,50,000

The assets were realised as follows:

Stock	35,000
Debtors	50,000
Furniture	20,000
Plant & Machinery	70,000

The realisation expenses amounted to Rs.15,000. A's private estate was not sufficient even to pay his private liabilities, whereas Rs.5,000 was collected from the private estate of B.

Close the books of the firm by opening Realisation A/c, Bank A/c, Creditors A/c, Partner's capital A/c and Deficiency A/c, assuming that all partners are insolvent.

SECTION C

19. A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:1. Following was the Balance sheet on the date of dissolution.

BALANCE SHEET

Liabilities	Rs.	Assets		Rs
Creditors	18,500	Cash at bank		1,000
Loan from Z	5,000	Debtors	15,000	
Loan from A	8,000	Less : provision	1,000	14,000
Investment fluctuation fund	7,500	Stock		80,000
Joint Life Policy Reserve	40,000	Investments		20,000
Capital Accounts:		Joint Life Policy		40,000
A	75,000	Plant & Machinery		75,000

B	66,000	Goodwill	35,000
C	45,000		
	2,65,000		2,65,000

Additional Information:

1. Joint Life Policy was surrendered for Rs.18,000.
2. A took over the investments at 25% more than the book value.
3. B took over debtors amounting to Rs.5,000 at Rs.4,000. Remaining debtors realised 75% of their book value.
4. Stock was sold for Rs.41,000.
5. Plant & Machinery realised Rs.40,000.
6. Realisation expenses amounted to Rs.1,000.
7. It was also found that there was a liability of Rs.8,000 on claim for damages, which has to be paid.

   Close the books of the firm.

20. X, Y and Z were partners sharing profits and losses in the ratio of 4:2:3. On 01.01.2017 they agreed to dissolve the partnership, because of the insolvency of Z. On this date their Balance Sheet stood as follows:

Balance Sheet

Liabilities	Rs	Assets	Rs
Sundry creditors	9,000	Cash in hand	1,000
Bills payable	4,100	Cash at bank	6,500
Investment fluctuation fund	2,000	Bills receivable	5,600
Loan from X	4,000	Investments	26,000
Profit & Loss A/c	13,500	Sundry debtors	31,000
General reserve	12,600	Stock	19,400
Capital :		Furniture	3,700
X	68,000	Machinery	15,000

Y	46,000	Buildings	45,000
Z	3,000	Advertisement suspense	9,000
	1,62,200		1,62,200

The assets realised as follows :

Investments	20,400
Bills receivable	5,000
Debtors	23,200
Stock	14,550
Furniture	2,050
Machinery	8,600
Buildings	26,400

All the liabilities were paid off. An unrecorded asset worth Rs.5,000 was given as a gift to the manager of the firm for his services. The cost of realisation was Rs.600. Z became bankrupt and Rs.1,024 only was recovered from his estate. The accounts were settled and partners were paid off.

Show the Realisation Ac, Partners capital A/c and Bank A/c as per the decision in Garner vs Murray case.

21. Red, White and Blue were partners sharing profits and losses in the ratio of 3:2:1. The firm was dissolved on 30.06.2017, on which date their position was as follows:

Balance Sheet

Liabilities	Rs	Assets	Rs
Sundry creditors	2,10,000	Cash in hand	28,000
Capital:		Sundry debtors	94,000
Red	1,40,000	Stock	1,00,000
White	70,000	Plant & Machinery	62,000
Blue	14,000	Land & Buildings	1,50,000
	4,34,000		4,34,000

There was a bill discounted for Rs.10,000 due on 30.11.2017. It was agreed that the net realisation should be distributed piecemeal at the end of every month. The realisations and expenses were as follows:

Date	Stock & Debtors	Plant & Machinery	Land & Buildings	Realisation expense
	Rs	Rs	Rs	Rs
31.07.2017	84,000	-	-	7,000
31.08.2017	70,000	56,000	-	5,400
30.09.2017	20,000	10,000	40,000	4,900
31.10.2017	-	-	77,000	3,500
30.11.2017	-	-	35,500	3,500

The stock was completely disposed off. The balance of debtors was irrecoverable. The acceptor of the discontinued bill met the bill on the due date.
Prepare a statement showing the distribution of cash.

22. Explain in detail the methods of piecemeal distribution.

MODULE V
(CO-Express in words the application of Accounting Standards)
SECTION A

1. Define Accounting Standard.
2. Explain the need for Accounting Standard.
3. What is ASB?
4. What is IFRS?
5. What is AS 1?
6. What is AS 2?
7. What is AS 9?
8. What is AS 10?
9. What is AS 19?
10. What is revenue recognition?

SECTION B

11. What are Accounting Standards?
12. What is IFRS? List out its objectives.
13. Explain the importance of Accounting Standards.
14. Explain the benefits of Accounting Standards.
15. Outline the procedure of issuing Accounting Standards in India.
16. Explain the functions of Accounting Standards Board.
17. Explain the concepts relevant for selection of accounting policies as per AS 1.
18. Explain the term inventory as per AS 2.

SECTION C

19. Define Accounting Standards. Explain its importance, benefits and limitations in detail.
20. What is Accounting Standards Board? Explain in detail the objectives and composition of ASB.
21. Explain the applicability of Accounting Standards and Ind AS.
22. Explain in detail the following accounting standards :
    (a) AS 1 , (b) AS 2 and (c) AS 10