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BCMCMC 260

**Credit Based IV Semester B.Com. Examination, September 2022
(2019-20 and Earlier Batches)
FINANCIAL ACCOUNTING – IV**

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes wherever necessary.

SECTION – A

Answer **any four** questions :

(4×6=24)

1. Write a note on shortworkings and recoupment of shortworkings.
2. What are the features of independent branch ?
3. How do you allocate the following items in departmental accounts ?
 - a) Packing charges
 - b) Import duty
 - c) Factory rent
 - d) Carriage outwards
 - e) Depreciation on machinery
 - f) Canteen expenses.
4. Ramesh underwrites the new issues of Vijaya Ltd., to the extent of 20,000 shares of ₹ 10 each. The agreed commission was 6% payable as to 60% in cash and the rest in fully paid share. The public subscribed 8,000 shares and the balance had to be taken up by Ramesh.
Show Journal Entries for the above.
5. Pass the adjusting entries in the books of the Head Office for the following transactions :
 - a) Goods amounting to ₹ 1,000 transferred from Udupi branch to Hubli branch.
 - b) Rent ₹ 500 of the branch paid by the Head Office.
 - c) Goods in transit ₹ 800 at end of the year.
 - d) Depreciation ₹ 500 on branch fixed assets when such account are kept in the Head Office book.

P.T.O.



6. From the following information prepare minimum rent account.

Year	Royalty in ₹
2019	80,000
2020	1,00,000
2021	1,05,000

Minimum rent is ₹ 1,20,000.

SECTION – B

Answer **any four** questions :

(4×12=48)

7. Ravi Company leased a colliery on 1st January, 2018 at a minimum rent of ₹ 25,000 p.a. merging into a royalty of ₹ 10 per ton with a power to recoup short-working over the first three years of the lease. The output of the coal mine are

Year	Royalty in ₹
2018	1,500
2019	1,750
2020	3,000
2021	3,500

Prepare :

- Royalty Account
- Shortworkings Account
- Landlord Account.

8. Sanvi Ltd. invoices goods to its branch at Udupi at cost. From the following particulars for the year ending 31st December, 2021, prepare Branch account and Debtors A/c in the books of Head Office.

Balance as on 1-1-2021	₹
Branch stock	12,000
Petty cash	150
Branch debtors	3,200
Cash sales	64,000



Cash sent to branch for

Rent	2,400
Salaries	7,200
Petty cash	1,500
Credit sales	32,000
Goods sent to branch	80,000
Cash received from debtors	30,000
Goods return by branch	500

Balance as on 31-12-2021

Branch stock	11,500
Petty cash	155
Branch debtors	?

9. Following is the Trial Balance of Delhi branch as on 31st March, 2022 :

Particulars	Debit (₹)	Credit (₹)
Chennai Head Office A/c	32,800	—
Stock on 01-04-2021	55,000	—
Purchases	1,80,000	—
Goods received from H.O.	93,000	—
Sales	—	3,90,000
Goods supplied to H.O.	—	55,000
Salaries	14,600	—
Debtors	37,000	—
Creditors	—	13,500
Rent	9,600	—
General expenses	4,700	—
Cash at Bank	17,800	—
Furniture	14,000	—
	4,58,500	4,58,500



The stock on 31-03-2022 was valued at 30,000. The Branch A/c in the Head Office Books on 31-03-2022 stood at ₹ 5,000 (debit). On 28-03-2022 Head Office forwarded goods to the value of 26,000 to the branch which were received by the branch on 03-04-2022.

Prepare Branch Trading and Profit and Loss A/c and Branch A/c in the Books of Head Office.

10. Following is the Profit and Loss Account of Sakshi Ltd. for the year ended 31st March, 2022.

Particulars	₹	Particulars	₹
To Purchases : Dept. A	1,50,000	By Sales : Dept. A	1,70,000
Dept. B	1,30,000	Dept. B	1,40,000
Dept. C	85,000	Dept. C	40,000
To Salaries and wages	48,800	By Closing Stock :	
To Rent	10,000	Dept. A	60,200
To Sundry expenses	11,100	Dept. B	19,900
To Profit	40,100	Dept. C	44,900
	4,75,000		4,75,000

Additional Information :

- a) Dept. A and B are sales departments located at showroom and Dept. C is a production department.
- b) Apportion salaries and wages at 30% to production department and 70% to showroom.
- c) Showroom salaries and wages are to be divided in 1 : 2 ratio between A and B departments.
- d) Rent of production department is ₹ 5,000, rent of showroom is apportioned equally between A and B departments.
- e) Sundry expenses are apportioned in the sales ratio of the departments.

Prepare departmental Trading and Profit and Loss Account.



11. Madhav Industries Ltd., issued 12,000 equity shares of ₹ 10 each at a premium of ₹ 1 per share. The whole issue was underwritten by underwriters M, N and O as follows :

M – 5000 shares (Firm underwriting 2000 shares)

N – 4000 shares (Firm underwriting 2000 shares)

O – 3000 shares (Firm underwriting 1000 shares)

Applications were received for 10000 shares of which marked applications were :

M – 3000 shares

N – 2000 shares

O – 2000 shares

The underwriters were entitled to a commission of 5%. Calculate each underwriter's liability and pass Journal entries.

12. Pavani Ltd., operates a branch at Mysore. Goods are invoiced to the branch at cost plus 25%. From the following particulars prepare Mysore Branch A/c in the books of Head Office.

Balances on 01-04-2021 :

	₹
Branch stock	1,60,000
Petty cash	5,000
Branch debtors	85,000
Furniture	20,000
Cash sales	5,80,000
Total sales	8,80,000
Cash from debtors	2,90,000
Goods sent to branch	8,50,000
Discount allowed	2,500
Goods returned by branch	11,000
Goods returned by debtors	5,000

Expenses paid by Head Office :

Rent	24,000
Salary	42,000
Branch stock on 31-03-2022	1,20,000
Petty expenses	3,600

It is required to write-off depreciation on Furniture at 10% p.a.



SECTION – C

Answer **any two** questions :

(24×2=48)

13. Avish obtains a lease from Suhas to work a mine, the terms being a royalty of ₹ 5 per ton merging into a minimum rent of ₹ 50,000 p.a., there being granted to the lessee the right to recover shortworkings during the first four year of the lease. Avish sub-leases a part of the property to Kunal, the terms being a royalty of ₹ 7 per ton merging into a minimum rent of ₹ 30,000 p.a. Kunal has the right of recovery in the two years following the shortworkings.

The production was as under :

Year	Avish (tons)	Kunal (tons)
2017	5000	1000
2018	6500	2000
2019	8900	3400
2020	9800	5300
2021	10000	5800

Prepare necessary Ledger Accounts in the books of Avish.

14. The Head Office of a Company at Mumbai sends goods to Mandya Branch at selling price which is cost plus 25%. The following relate to the branch for the year ended 31-03-2022.

	₹
Opening stock (Invoice Price)	40,000
Opening debtors	21,000
Opening fixed assets	25,000
Goods sent to Branch (Invoice price)	1,30,000
Returns to Head Office	6,000
Remittance to Branch for expenses	14,000
Total sales	1,57,000
Credit sales	1,06,000
Received from debtors	95,000
Discount allowed	6,000
Bad debts written off	2,500
Depreciation on fixed assets	3,500
Surplus in stock	1,500

Prepare Branch Stock A/c, Branch Debtor A/c, Branch Expenses A/c, Branch Adjustment A/c, Branch Profit and Loss A/c.



15. Yash Ltd. has its independent branch at Mysore. The following are the balances appearing in the books of the Head Office and the branch as on 31st March, 2022.

Debit	Head Office	Branch	Credit	Head Office	Branch
	₹	₹		₹	₹
Cash in hand	8,000	2,500	Share capital	2,00,000	—
Opening stock	52,000	29,500	Discount	2,000	1,000
Salaries	30,000	12,000	Sales	4,50,000	1,48,000
Wages	1,25,000	48,000	Creditors	30,000	5,000
General expenses	20,000	5,000	Purchase returns	5,000	1,000
Purchases	1,55,000	80,000	Head Office A/c	—	56,000
Goods received			Goods sent to		
from Head office	—	15,000	branch	15,000	—
Rent	6,000	4,000			
Branch A/c	56,000	—			
Debtors	40,000	15,000			
Plant – Head office	1,50,000	—			
Branch	60,000	—			
	7,02,000	2,11,000		7,02,000	2,11,000

Closing stock : Head Office ₹ 42,000, Branch ₹ 30,000. Depreciation on Plant : Head office ₹ 31,550, Branch ₹ 10,550. Rent outstanding : Branch ₹ 600.

From the above prepare columnar Trading and Profit and Loss Account of Mangala Ltd. and its branch and a Consolidated Balance Sheet. Give Journal Entries to Incorporate Branch items in the books of the H.O.

16. From the following Trial Balance of Acharya Ltd., prepare Departmental Trading and Profit and Loss A/c and Balance Sheet for the year ended 31-12-2021 :

	Dr. (₹)	Cr. (₹)
Stock on 1-1-2021 :		
X Dept.	1,75,000	—
Y Dept.	1,46,000	—
Purchases :		
X Dept.	3,55,000	—
Y Dept.	3,00,000	—



Sales :		
X Dept.	—	6,00,000
Y Dept.	—	4,00,000
Wages :		
X Dept.	82,000	—
Y Dept.	22,000	—
Rent	93,900	—
Sundry expenses	36,000	—
Salaries	30,000	—
Lighting	21,000	—
Discount	22,200	6,500
Advertising	36,600	—
Carriage inward	23,600	—
Furniture	30,000	—
Plant	2,10,000	—
Debtors and Creditors	60,600	3,06,500
Capital	—	4,76,000
Drawings	45,000	—
Cash at bank	1,00,100	—
	17,89,000	17,89,000

Adjustments :

- i) Internal transfer of goods from Dept. X to Dept. Y ₹ 4,200.
- ii) The items rent, sundry expenses, lighting, salaries and carriage inwards to be apportioned in 2 : 1 ratio to Dept. X and Dept. Y.
- iii) Advertising is to be apportioned equally.
- iv) Discounts are to be apportioned on the basis of sales and purchase (excluding transfer).
- v) Depreciation at 10% p.a. on furniture and plant, to be charged to Dept. X, Dept. Y in 3 : 1 ratio.
- vi) The stock at 31-12-2021
 Dept. X ₹ 1,67,400
 Dept. Y ₹ 1,20,500