

Semester-1

Major Financial Accounting - 1

Course Code: DSC-C-111 A

Unit 1 CONSIGNMENT ACCOUNT

THEORY QUESTIONS (Attempt any 5)

1. Explain invoice price and its accounting effect in consignment accounts.
2. Explain the valuation of abnormal loss
3. Explain the valuation of closing stock in a normal loss situation
4. What will be the journal entry in the books of the consignor if del creder commission is paid and bad debts occur on credit sales?
5. What will be the journal entry in the books of the consignor if bad debts occur on recommendation sale?
6. List out recurring and non-recurring expenses
7. Explain 5 points of difference between consignment and sale.
8. Explain 5 points of difference between normal loss and abnormal loss

Short Examples

1. The consignee has sold goods worth rupees 20,000 on credit, out of this one DEBTOR of rupees 5000 became insolvent, and from him, 25 paise in a rupee is received. Calculate the amount of bad debt if Del creder Commission is not paid.
2. Gujarat tea company has sent 2000 kilograms of tea on consignment at rupees 150 per kilogram. The consignor has paid rupees 6000 as expenses. The consignee has paid 2000 as non-recurring expenses. 100 KGS of tea was destroyed at the consignees' go-down an insurance company accepted the claim of rupees 10,000. Calculate the amount of loss to be transferred to the profit and loss account.
3. Multi has sent 25,000 KGS of tea at rupees 150 per kilogram and paid 25,000 as expenses. 1000kg of tea was lost in transit and insurance company paid the claim of rupees 1,45,000 . Find the amount to be transferred to the profit and loss account.

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4. If the consignee has sold goods of rupees 40,000 for cash, rupees 60,000 goods for credit, goods worth rupees 20,000 were sold on the recommendation of the consignor. He kept goods worth rupees 35,000 for himself. Calculate the amount of commission of simple commission is 5% and Del creder commission is 2%.

Kindly prepare all multiple-choice questions.

Examples

Sr no	Particulars
1	Illustration 13, Sharad bhai of Surat
<u>Examples on INVOICE PRICE (Attempt any 5 others than done in class)</u>	
1	Guj uni 2017- A of Ahmedabad
2	Guj uni 1995 – Rajiv of Rajkot
3	Guj uni 2002 – Amit Traders
4	Guj uni 2003 Royal Furniture House
7	Guj uni 2008—Atul of Ahmedabad
8	Patel of Pune -- Guj uni 2010
9	Dhaval ---2011 Guj uni
10	Alpesh of Ahmedabad -- Guj uni 2011
11	Paresh of Patan – Guj uni 2013
12	Bharati – Guj uni 2014
13	Akshara of Ahmedabad – Guj uni 2015
14	Virat – Guj uni 2016
15	X of Ahmedabad – Guj uni 2017
16	Virat of Virar – Guj uni 2018
17	Virus of Viramgam – Guj uni 2021
18	Ramabhai of Rajkot – Guj uni 2022
<u>EXAMPLES ON Normal loss</u>	
1. 19	Sonpal of Sakheda --Guj uni 1996
2. 20	Tushar of Talod Guj uni 2001
3. 21	Saumil of Surat --guj uni 2014

Unit 2 Joint Venture

THEORY QUESTIONS (Attempt any 5)

1. Explain reasons for Joint Venture account
2. List any 5 activities where Joint Venture is suitable
3. List any 5 features of Joint Venture business
4. Explain any 5 points of Difference between Consignment and Joint venture
5. State all the methods of keeping books of accounts

Kindly prepare all multiple-choice questions.

Examples

Sr no	Particulars
<u>Do 2 examples of each (GOODS, Underwriting and Constructions):</u>	
1	Guj uni 2002- Hitesh Sailesh
2	Guj uni 1997 – Adam Eve
3	Guj uni 2004 – Gopal Govind
4	Guj uni 2006—Ram Shyam
7	Guj uni 2011--- Anu Deepu
8	Aaj Kaal – Guj uni 2014
9	Shri Nand – Shri Chand –Guj uni 2015
10	Ram Shyam – Guj uni 2015
11	Rakesh Kalpesh – Guj uni 2016
12	Divya Jyoti – Guj uni 2017
13	Anuj Vinit – Guj uni 2017
14	Alpesh Jayesh – Guj uni 2018
15	Siddha Reddy – Guj uni 2018
16	Virat of Virar – Guj uni 2018
17	Kanu priya – Angelika Guj uni 2021

Unit 3 BRANCH ACCOUNTS**Theory Question:**

- 1) Differentiate between Sale by Consignment, Joint Venture, Branch and through Brokers
- 2) Difference between Dependent and Independent Branch
- 3) Difference between goods in Transit and Remittance in transit.
- 3) Write a note on Independent Branch

Sums:

1. Wadia Traders has a branch at Nagpur. Head Office sends goods to Branch at cost on the condition that sales are to be made for cash only. All cash received by the branch is to be remitted to the head office daily. The Head Office sends cash for petty expenses. All expenses except petty expenses are paid by the head office.

From the following transactions of the branch for the year ending 31-3-2023, prepare Branch Account, Branch Trading Account, and Branch Profit and Loss Account:

Description	Rs.
Stock (31-3-2022)	1,000
Cash (31-3-2022)	200
Petty Cash (31-3-2022)	140
Goods received from H.O.	34,500
Goods returned to H.O.	14,500
Cash remitted to H.O.	60,000
Petty cash received from H.O.	200
Furniture received from H.O. (1-10-2022)	8,000
Petty Cash (31-3-2023)	100
Stock (31-3-2023)	1,000

Expenses	Received from H.O.	Paid by Branch
Salary and wages	10,000	9,500
Rent and rates	800	800
Insurance	600	560
Electricity	300	300
Carriage and wages	2,000	2,000
Advertising	600	580

Depreciate Furniture by 5%.

[Ans.: Branch Profit Rs. 25,820; Gross Profit Rs. 38,000; Net Profit Rs. 25,820; Petty expenses Rs. 240; Closing cash balance Rs. 760; Total of Branch A/c Rs. 84,160. Find out petty expenses by preparing Petty Cash A/c. Note that the total amount sent by H.O. will be debited

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to Branch A/c but while preparing Branch Trading and P&L A/c, only actual expenses made will be debited.]

2. Maruti Stores has a branch at Wankaner. It sends goods at cost price to the branch. Branch sells on credit as well as for cash. Branch deposits cash every day in H.O. A/c. Branch expenditures are paid by H.O.

From the following details, prepare Branch Account, Branch Trading Account, and Profit and Loss Account, and other necessary accounts:

Balance on 1-1-2023:

- Stock: Rs. 20,000
- Debtors: Rs. 5,000
- Furniture: Rs. 50,000
- Petty cash: Rs. 500

Balance on 31-12-2023:

- Stock: Rs. 7,000
- Petty cash: Rs. 200

Transactions during the year:

- Goods sent to branch: Rs. 3,20,000
- Goods returned by branch: Rs. 20,000
- Goods returned by debtors: Rs. 5,000
- Cash received from debtors: Rs. 80,000
- Sale on credit: Rs. 2,00,000
- Cash sales: Rs. 3,40,000
- Discount allowed to debtors: Rs. 500
- Bad debt written off: Rs. 400

Branch expenses:

- Rent: Rs. 4,000
- Salary: Rs. 12,000
- Advertising expenses: Rs. 3,000
- Petty cash sent: Rs. 700
- Goods destroyed by fire: Rs. 1,200

Calculate depreciation at 20% on furniture.

[Ans.: Branch Profit Rs. 1,91,100, Gross Profit Rs. 2,23,200, Net Profit Rs. 1,91,100, Closing balance of Debtors A/c Rs. 1,19,100, Sundry expenses Rs. 1,000, Depreciation on furniture Rs. 10,000, Goods destroyed by fire Rs. 1,200 will be credited to Branch Trading Account and the same will be debited to Branch P&L A/c.]

3. Nayan Traders of Rajkot has an independent branch at Vadodara. The following is the trial balance of the branch as on 31-3-2023:

Particulars	Debit (Rs.)	Credit (Rs.)
Opening stock of goods	62,500	-
Purchase and Sales of goods	2,50,000	5,00,000
Goods received from head office	1,87,500	-
Purchase returns and sales returns	12,500	25,000

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Head Office Account	-	1,25,000
Debtors and Creditors	75,000	50,000
Cash and Bank balance	62,500	-
Salary	70,000	-
Rent	12,500	-
Discount	10,000	7,500
Freight and Carriage	7,500	-
Sundry incomes	-	42,500
Total	7,50,000	7,50,000

Additional Information:

1. The closing stock is valued at Rs. 1,25,000.
2. On 28-3-2021, the head office sent goods worth Rs. 25,000 to the branch, which were received by the branch on 3-4-2021.
3. On 29-3-2021, the branch sent cash of Rs. 12,500 to the head office, which was received by the head office on 2-4-2021.
4. The furniture account of the branch is maintained in the books of the head office. Rs. 5,000 is to be written off as depreciation on the furniture of the branch.

From the above information, prepare final accounts of Vadodara branch.

4. Rajkot H.O. has a branch in Jamnagar to which goods are invoiced by the office at cost price plus 12.5%. Branch sells the goods for cash and credit. All cash received by the branch is remitted to the Head Office.

From the following information of the branch for the year ended on 31st March 2021, prepare the Branch Account in the books of Head Office and Branch Trading and Profit & Loss Account with necessary accounts:

Particulars	1-4-2020 (Rs.)	31-3-2021 (Rs.)
Branch Goods Stock (invoice price)	90,000	9,000
Branch Debtors	60,000	48,000
Furniture	10,000	(?)
Branch Petty Cash	300	400
Prepaid Rent	2,000	2,000
Outstanding Salary	3,000	3,000

Transactions during the year:

Particulars	Rs.
Goods sent to branch (invoice price)	9,00,000
Cash sales	8,12,000
Cash received from debtors	2,08,000
Goods returned by branch (invoice price)	900
Goods returned by Debtors to branch	17,000
Bad debts return	4,000
Bad debts	12,000
Discount allowed to debtors	3,000
Cash sent to branch for expenses:	

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- Salaries	21,000	
- Rent	7,000	
- Taxes	8,000	
- Advertisement	12,000	
- Petty Cash	600	48600

Provide depreciation on furniture at 10%.

[Ans.: Branch Profit Rs. 91,300, Gross Profit Rs. 1,51,800, Net Profit Rs. 91,300, Credit sales Rs. 2,28,000, Petty cash expenses Rs. 500, Total of Branch A/c Rs. 12,06,300.]

UNIT 4 ACCOUNTS OF SALE UNDER HIRE PURCHASE SYSTEM

Explain difference between Hire purchase and Installment system

Write short note on Reserve for after sale service

Sr no	Particulars
1	EG NO 52 GUJ UNI 2022 SHIVAM
2	Eg no 48 guj uni 2018 sanjay
3	Eg no 47 guj uni 2017 maya
4	Eg no 40 guj uni 2016 sunita
7	Eg no 38 Guj uni 2014 arvind
8	Eg no 32Guj uni 2013 MR A
9	EG NO 22 Guj uni 2004 Anil purchased
10	Eg no 16 Guj uni 2005 Malav