**FYUGP B.COM COMMERCE & TOURISM AND TRAVEL STUDIES**

**Semester II**

**UK2DSCCOM100 FINANCIAL ACCOUNTING**

**Part A. Objective Type Questions (1 Mark)**

1. Define partnership.
	1. A business owned by one person
	2. A business owned by two or more persons
	3. A business owned by a company
	4. A business owned by the government
2. List two features of partnership accounts.
	1. Unlimited liability and mutual agency
	2. Limited liability and separate legal entity
	3. Perpetual succession and separate legal entity
	4. None of the above
3. Name the accounting standard relevant to partnership valuations.
	1. IAS 1
	2. IFRS 13
	3. IFRS 15
	4. IAS 16
4. Identify the purpose of Profit and Loss Appropriation account.
	1. To calculate net profit
	2. To distribute profits among partners
	3. To record expenses
	4. To calculate gross profit
5. Recall the formula for calculating interest on capital.
	1. Interest = Capital x Rate x Time
	2. Interest = Profit x Rate x Time
	3. Interest = Profit x Capital x Time
	4. None of the above
6. Recognize the type of capital account used when capital remains constant.
	1. Fixed capital
	2. Fluctuating capital
	3. Both A and B
	4. None of the above
7. Duplicate the accounting treatment for loss in transit in consignment accounts.
	1. Charge to consignee
	2. Charge to consignor
	3. Charge to profit and loss account
	4. None of the above
8. Memorize the formula for calculating interest on drawings.
	1. Interest = Drawings x Rate x Time
	2. Interest = Capital x Rate x Time
	3. Interest = Profit x Rate x Time
	4. None of the above
9. Describe the difference between consignment and sales.
	1. Ownership transfer
	2. Risk transfer
	3. Control transfer
	4. All of the above
10. Explain the significance of IFRS 13 in partnership valuations.
	1. Fair value measurement
	2. Historical cost measurement
	3. Both A and B
	4. None of the above
11. Summarize the treatment of unsold stock in consignment accounts.
	1. Recorded as asset
	2. Recorded as liability
	3. Recorded as expense
	4. None of the above
12. Classify the types of branch accounts.
	1. Branches keeping full system of accounts
	2. Branches not keeping full system of accounts
	3. Both A and B
	4. None of the above
13. Compare fixed and fluctuating capital methods.
	1. Fixed capital remains constant, fluctuating capital changes
	2. Fixed capital changes, fluctuating capital remains constant
	3. Both A and B
	4. None of the above
14. Discuss the significance of Garner Vs Murray Rule in partnership accounts.
	1. Partnership dissolution
	2. Partnership formation
	3. Profit sharing
	4. Loss sharing
15. Interpret the treatment of assets and liabilities in partnership balance sheet.
	1. Assets are recorded at cost
	2. Liabilities are recorded at cost
	3. Both A and B
	4. None of the above
16. Identify the purpose of departmental trading and profit and loss account.
	1. To calculate net profit
	2. To calculate gross profit
	3. To evaluate departmental performance
	4. To record expenses
17. Recall the meaning of independent branches.
	1. Branches keeping full system of accounts
	2. Branches not keeping full system of accounts
	3. Both A and B
	4. None of the above
18. Describe the advantages of departmental accounting.
	1. Better decision-making
	2. Improved performance evaluation
	3. Both A and B
	4. None of the above
19. Summarize the treatment of interdepartmental transfers.
	1. Recorded as sales
	2. Recorded as purchases
	3. Recorded as transfers
	4. None of the above
20. Compare the accounting treatment for consignment and sales.
	1. Ownership transfer
	2. Risk transfer
	3. Control transfer
	4. All of the above
21. Identify the type of capital account used when capital changes.
	1. Fixed capital
	2. Fluctuating capital
	3. Both A and B
	4. None of the above
22. Recall the formula for calculating profit sharing ratio.
	1. Profit sharing ratio = Profit x Ratio
	2. Profit sharing ratio = Capital x Ratio
	3. Profit sharing ratio = Profit x Capital
	4. None of the above
23. Describe the significance of partnership deed.
	1. To define partnership terms
	2. To outline profit sharing ratio
	3. Both A and B
	4. None of the above
24. Summarize the treatment of loss on sale of assets during partnership dissolution.
	1. Loss is shared among partners in profit sharing ratio
	2. Loss is borne by the partner who sold the asset
	3. Loss is recorded as a liability
	4. None of the above
25. Interpret the significance of preparing a Realisation Account during partnership dissolution.
	1. To determine the profit or loss on realisation of assets
	2. To record the settlement of liabilities
	3. To distribute profits among partners
	4. Both A and B

**Part B. Two – three Sentences Questions (2 Marks)**

1. Explain the meaning of partnership.
2. Explain the purpose of Profit and Loss Appropriation account.
3. Summarize the features of partnership accounts.
4. Summarize the treatment of interest on capital.
5. Classify the types of capital accounts.
6. Classify the types of branch accounts.
7. Compare fixed and fluctuating capital.
8. Compare consignment and sales.
9. Discuss the significance of partnership deed.
10. Discuss the purpose of Realisation Account.
11. Interpret the treatment of unsold stock in consignment accounts.
12. Interpret the significance of departmental accounting.
13. Use the formula for calculating interest on capital.
14. Use the formula for calculating profit sharing ratio.
15. Apply the accounting treatment for loss in transit.
16. Apply the accounting treatment for abnormal loss.
17. Implement the accounting treatment for departmental expenses.
18. Implement the accounting treatment for branch accounts.
19. Distinguish between independent and dependent branches.
20. Distinguish between partnership and company.
21. What is the purpose of partnership accounts?
22. What is the significance of IFRS 13?
23. What is the treatment of interest on drawings?
24. What is the purpose of Departmental Trading and Profit and Loss account?
25. What is the significance of preparing a Balance sheet for partnership firms?

**Part C. Short Answer Questions (4 Marks)**

1. X and Y are partners sharing profits in the ratio 3:2. Their capital accounts show balances of Rs. 50,000 and Rs. 30,000 respectively. Calculate the interest on capital @ 10% p.a. for the year ended 31st March 2023.
2. Apply the accounting treatment for consignment transactions in the books of the consignor and consignee.
3. Apply the Garner Vs Murray Rule in case of insolvency of a partner.
4. Implement the accounting treatment for departmental expenses.
5. Implement the consolidation of branch and head office accounts.
6. Ankit, Bhavya, and Charu are partners in a firm sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as on 31st March 2023 is as follows:
	* + 1. Cash 10,000 Creditors 50,000
			2. Debtors 30,000 Loan from Ankit 20,000
			3. Stock 40,000 Capital Accounts:
			4. Furniture 20,000 Ankit 60,000
			5. Land and Building 1,00,000 Bhavya 40,000
				1. Charu 30,000

Total 2, 00,000 Total 2,00,000

1. The firm is dissolved on 31st March 2023. Assets are realised as follows:
	1. Debtors: Rs. 25,000
	2. Stock: Rs. 35,000
	3. Furniture: Rs. 15,000
	4. Land and Building: Rs. 90,000
2. Creditors are paid Rs. 45,000 in full settlement. Realisation expenses amount to Rs. 5,000.
3. Prepare Realisation Account, Capital Accounts, and Cash Account.
4. A consignor sends goods worth Rs. 1,00,000 to a consignee. The consignee sells 80% of the goods for Rs. 1,20,000. Calculate the commission payable to the consignee @ 5% on sales.
5. Demonstrate the preparation of Departmental Trading and Profit and Loss account.
6. Demonstrate the accounting treatment for loss in transit in consignment accounts.
7. A partnership firm has three partners - A, B, and C. The profit sharing ratio is 2:2:1. The firm earns a profit of Rs. 1,00,000 for the year ended 31st March 2023. Calculate the profit share of each partner.
8. Rohan, a consignee, receives goods worth Rs. 1,00,000 from Rahul, a consignor. Rahul sells 80% of the goods for Rs. 1,20,000 and incurs expenses of Rs. 5,000. The commission payable to Rahul is 5% on sales. Calculate the profit on consignment and prepare the Consignment Account in the books of Rohan.
9. Execute the accounting treatment for abnormal loss in consignment accounts.
10. Execute the preparation of Balance sheet for partnership firms.
11. Operate the accounting system for branches not keeping full system of accounts.
12. Operate the departmental accounting system.
13. Analyze the financial performance of a partnership firm using financial statements.
14. Analyze the impact of IFRS 13 on partnership valuations.
15. Compare the features of partnership and company.
16. Compare the accounting treatment for consignment and sales.
17. Contrast the fixed and fluctuating capital methods.
18. Contrast the independent and dependent branch accounting systems.
19. Differentiate between normal and abnormal loss in consignment accounts.
20. Differentiate between departmental and branch accounting.
21. Examine the significance of partnership deed in partnership accounts.
22. Examine the accounting treatment for death of a partner.

**Part D. Long Answer Questions (6 Marks)**

1. Evaluate the significance of partnership deed in partnership accounts.
2. Critique the accounting treatment for consignment transactions in the books of consignor and consignee.
3. Judge the relevance of IFRS 13 in partnership valuations.
4. Defend the use of fixed capital method in partnership accounting.
5. Appraise the accounting treatment for dissolution of partnership firms.
6. Justify the application of Garner Vs Murray Rule in case of insolvency of a partner.
7. Argue the importance of preparing Realisation Account and Capital accounts during dissolution.
8. Assess the impact of departmental accounting on financial performance.
9. Create a framework for departmental accounting and inter-departmental transfers.
10. Design a system for branch accounting and consolidation of branch and head office accounts.
11. Develop a plan for accounting treatment of loss in transit in consignment accounts.
12. Formulate a policy for valuation of unsold stock in consignment accounts.
13. Compose a note on the features and advantages of departmental accounting.
14. Invent a method for allocating and apportioning departmental expenses.
15. Generate a report on the significance of partnership accounts and financial statements.
16. X and Y are partners sharing profits in the ratio 3:2. Their capital accounts show balances of Rs. 50,000 and Rs. 30,000 respectively. Calculate the interest on capital @ 10% p.a. for the year ended 31st March 2023 and prepare the Profit and Loss Appropriation account.
17. A consignor sends goods worth Rs. 1, 00,000 to a consignee. The consignee sells 80% of the goods for Rs. 1,20,000. Calculate the commission payable to the consignee @ 5% on sales and prepare the Consignment Account.
18. A partnership firm has three partners - A, B, and C. The profit sharing ratio is 2:2:1. The firm earns a profit of Rs. 1,00,000 for the year ended 31st March 2023. Calculate the profit share of each partner and prepare the Profit and Loss Appropriation account.
19. Ankit, Bhavya, and Charu are partners in a firm sharing profits and losses in the ratio of 3:2:1. The firm is dissolved on 31st March 2023. Prepare Realisation Account, Capital Accounts, and Cash Account.
20. A company has two departments - X and Y. The departmental expenses are Rs. 10,000 and Rs. 15,000 respectively. Allocate and apportion the expenses and prepare the Departmental Trading and Profit and Loss account.
21. A consignor sends goods worth Rs. 50,000 to a consignee. The consignee sells 75% of the goods for Rs. 60,000. Calculate the value of unsold stock and prepare the Consignment Account.
22. X, Y, and Z are partners sharing profits and losses in the ratio of 2:2:1. X retires from the firm and the remaining partners decide to share profits and losses equally. Calculate the gain or loss on retirement and prepare the necessary journal entries.
23. A partnership firm has a branch that does not keep full system of accounts. The branch account shows a balance of Rs. 20,000. Prepare the Branch Account and Head Office Account.
24. A company has three departments - A, B, and C. The departmental sales are Rs. 1, 00,000, Rs. 80,000, and Rs. 60,000 respectively. Prepare the Departmental Trading and Profit and Loss account.
25. A partnership firm is dissolved due to insolvency of a partner. The assets are realised for Rs. 80,000 and the liabilities are Rs. 1, 00,000. Prepare a Realisation Account and Capital Accounts.