

B.Com. DEGREE EXAMINATION, NOVEMBER 2018
I Year II Semester
Core Major- Paper III
FINANCIAL ACCOUNTING - II

Time : 3 Hours

Max.marks :75

Section A ($10 \times 2 = 20$) Marks

Answer any **TEN** questions

1. What do you understand by 'Stock and Debtors' ?
2. Give a short note on 'Goods in Transit'
3. Explain the term 'Department'
4. What is Instalment Purchase System ?
5. What is Hire Purchase?
6. When will you prepare the Revaluation Account ?
7. What do you understand by Dissolution of Partnership ?
8. What is joint life property ?
9. Explain the term Piece - Meal Distribution.
10. What do you understand by 'Inter Department Transfer' ?
11. "X" purchased a machinery under hire purchase system. The term are as follows:
Interest included in the instalment is 5% p.a. Calculate the interest.
12. P,Q and R sharing profits in the ratio 2;2;1 Q retires and the new profit ratio agreed between the continuing partners "P" and "R" is 4:3 Calculate gaining ratio.

Section B ($5 \times 5 = 25$) Marks

Answer any **FIVE** questions

13. What do you mean by Instalment System ? Explain.
14. Write the differences between branch and department.
15. A head office in Chennai sends goods to its branch at Bangalore. Prepare branch account to calculate profit.

	Rs.
Debtors on 1st August 2016	6,000
Stock on 1st August 2016	5,000
Goods sent to branch	16,000
Cash Sales	8,000
Cash received from dealers	14,500
Stock on 31st July 2017	6,000
Debtors on 31st July 2017	11,500

16. The AB Trading company purchased a motor car from Delhi motor company on hire purchase agreement on 01.01.2006. Paying cash Rs. 10,000 and agreeing to pay further three instalments of Rs. 10,000 each on 31st December each year. The cash price of the car is Rs. 37,250 and the Delhi motor company charges at 5% p.a. The AB Trading company writes off 10% p.a. as depreciation on the reducing balance method. Journalise.
17. P and Q are partners sharing profits in the ratio of 4:3. R is admitted for 1/3rd share of profits. Goodwill of the firm is to be valued at 2 years purchase of 3 years profits which was Rs. 44,000, Rs.56,000, Rs.68,000. Give journal entries if.
- There is no goodwill in the books of the firm.
 - The goodwill already appears at Rs. 28,000
 - The goodwill already existing in the books of Rs. 1,68,000.
18. The following was the Balance Sheet of Siva, Baskar and Swarna as on 31.12.2017.

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Machinery	25,000
General Reserve	3,000	Stock	11,000
Capital:		Debtors	9,500
Siva	20,000	Goodwill	13,000
Baskar	15,000	Cash	1,500
Swarna	10,000		
	60,000		60,000

On the above date the firm was dissolved. The assets realised at Rs. 50,000. The creditors were settled at Rs. 11,500. Dissolution expenses amounted to Rs.1,000. The partners had 3:2:1 as their profit sharing ratio. Prepare necessary ledger accounts.

19. From the following, distribute cash under proportionate capital method:

	Rs.
Capital of partners: Raju	20,000
Babu	10,000
Profit sharing ratio	3:2
First Instalment(cash)	5,000
Second Instalment (cash)	4,000
Third Instalment (cash)	2,000

Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. A Bombay Trading firm has a branch at chennai to which the goods are charged out at cost plus 25%.Branch keeps its own sales ledger and remits daily all Cash received to the Head Office. All expenses are paid from the Head Office. The transactions for the Branch were as follows:

	Rs.
Stock (1.1.2017)	55,000
Sundry debtors (1.1.2017)	550
Petty Cash(1.1.2017)	450
Cash Sales	13,250
Credit sales	1,24,700
Collection on ledger accounts	1,05,000
Goods sent to branch	1,00,000
Goods returned to Head office	1,500
Bad debts	1,500
Allowances to customers	1,250
Return inwards	2,500
Cheque sent to branch:	
For Rent	2,500
For Wages	1,500
For salary and other expenses	4,500
Stock 31.12.2017)	60,000
Sundry debtors (31.12.2017)	15,000
Petty cash (31.12.2017) (including sundry income of Rs.50 not remitted)	500

Prepare the Branch Trading and P&L A/c for the year 31.12.2017.

21. 'A' purchased a truck for Rs. 56,000, payment to be made Rs.15,000 down and 3 instalments of Rs. 15,000 each at the end of each year. Rate of interest is charged at 5% p.a. Buyer depreciates assets at 10% p.a. on written down value method. Because of financial difficulties, A after having paid down payment and first instalment to end of 1st year, could not pay second instalment and seller took possession of the truck. Seller after spending Rs. 350 on repairs of the assets, sold it away for Rs. 30,110. Show the ledger accounts in the books of each parties.
22. Ravi, Jagan and Arul were carrying on partnership business sharing profits in the ratio of 3;2;1. On 31st March 2016, the balance sheet of the firm stood as follows:

BALANCE SHEET

Liabilities	Rs.	Assets	Rs.
Creditors	30,000	Bank	65,000
General Reserves	15,000	Debtors	40,000
Capital:		Stock	80,000
Ravi 2,00,000		Building	2,50,000
Jagan 1,20,000		P&L A/c	30,000
Arul 1,00,000	4,20,000		
	4,65,000		4,65,000

Arul retired on April 1, 2016 on the following terms:

- (a) Building to be appreciated by Rs. 15,000.
- (b) Provision for doubtful debts to be made at 6% on debtors.
- (c) Goodwill of the firm is valued at Rs.18,000.
- (d) Rs. 50,000 to be paid to Arul immediately and the balance transferred on his loan account.

Prepare Revaluation Account, Capital A/c, Bank A/c and the Balance Sheet after Arul's retirement.

23. A,B and C are equal partners whose balance sheet on December 31, 2015 is as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	5,000	Cash in hand	50
A's loan	1,000	Stock	800
Capital a/c's		Debtors	1,000
A - 800		Plant & Machinery	2,000
C - 500	1,300	Furniture & Fittings	800
		Land and Building	2,000
		B's capital (overdrawn)	650
	7,300		7,300

Due to lack of liquidity and weak financial position of the partners, the firm is dissolved. A and C are not able to contribute anything and a sum of Rs. 200 is received from B. All of them are declared insolvent. The assets are realised, stock-Rs.500, Plant & Machinery - Rs.1,000, Furniture & Fittings - Rs.200, Land and Buildings - Rs. 800 and Debtors - Rs. 550 only. Realisation expenses amounted to Rs. 50. You are required to close the firm's books.