B.Com.(CS) 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 meant by Retail Branch?
2. What is Inter- departmental transfer?
3. What is Hire purchase system?
4. What is goodwill?
5. Prepare Branch Debtors from the following:

Debtors at the beginning of the year	75,000
Cash received from debtors	1,25,000
Goods returned from customers	2,000
Debtors at the end of the year	50,000

6. Pass journal entries in the books of Head office for
   a. Good-in-transit b. Cash-in-transit
7. On what basics the following expenses can be apportioned to various departments: a. Power b. Lighting c. Depreciation d. Canteen expenses
8. Calculate the amount of stock reserve

Department X transferred goods to Y	1,00,000
Unsold goods in Department Y (60% received from Department X)	60,000
Gross profit ratio	16%

9. Calculate the total amount of interest from the following:

Cash price	45,450
Down payment	10,000
1st instalment	10,000
2^{nd} instalment	15,000
3^{rd} instalment	15,000

10. A, B and C are partners in a firm sharing profits in the ratio of 4:3:1. You are required to calculate the gaining ratio and also calculate the new ratio : (a) When A retires (b) When B retires
11. P, K and N are partners in a firm sharing profits in the ratio of 2 : 2 : 1. K retires and the goodwill of the firm is valued at Rs. 54,000. Goodwill of Rs. 38,000 was already there in the balance sheet on the date of retirement. Give journal entry for goodwill.

12. What are the principles laid down in Garner vs. Murray case?

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

Answer any **FIVE** questions

13. Explain the various features of dependent branch.
14. Explain the advantages of departmental accounting
15. From the following particulars, prepare branch account in the books of head office:

Stock on 1-1-2014	12,000
Goods sent to branch	1,10,000
Cash sent to branch for Salaries Rent Other expenses	 9,000 7,000 2,500
Cash sent by the branch	1,74,000
Stock on 31-12-2014	8,000
Cash in hand on 31-12-2014	200

16. From the following particulars, prepare departmental trading and profit and loss account for the year ending 31^{st}March, 2014

Particulars	Dep X Rs.	Dep Y Rs.
Opening stock	8,000	9,000
Purchases	25,000	23,000
Direct expenses	5,000	8,000
Closing stock	11,000	5,000
Sales	30,000	40,000

Indirect expenses for the entire business were Rs.4,000 which is to be divided in proportion of sales of the two departments.

17. Ravi purchase a motor cycle on hire purchase system. The cash price of the vehicle was Rs.56,000. Rs.15,000 has to be paid as down payment and the balance in three instalments of Rs.15,000 each. Rate of interest was Charged at 5% p.a. Calculate the interest included in each instalment.
18. X and Y are partners sharing profits and losses in the ratio of 3:2. They decided to admit Z into partnership and revalue their assets and liabilities as indicated below:

i) To depreciate stock, furniture and machinery by Rs.4,000, Rs.3,000 and Rs.6,000 respectively.

ii) To provide for Workmen's compensation Rs.5,000

iii) To bring into record investment of Rs.6,000 which had not so far been recorded into books of the firm.

Prepare Revaluation Account.

19. Following is the balance sheet of A, B and C who share profit and losses into the ratio of 1:1:1. The balance sheet is as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts: A B C	 40,000 40,000 30,000	Sundry Assets	1,10,000
	1,10,000		1,10,000

The partnership is dissolved on 1.1.2015. The assets were realised as follows:
I instalment: Rs. 10,000
II instalment: Rs. 15,000
III instalment: Rs. 25,000
Prepare the statement how the cash is distributed under maximum loss method.

Section C $(2 \times 15 = 30)$ Marks

Answer any **TWO** questions

20. Rajesh of Madurai has a branch at Chennai, goods are sent by Head office at invoice price which is at the profit of 20% on cost price. All expenses of the branch are paid by head office. From the following particulars, prepare branch account in the books of head office.

Particulars	Rs.
Opening balances: Stock at invoice price Debtors Petty cash	 12,000 1,800 200
Goods sent to branch at invoice price	30,000
Expenses paid by Head office: Rent Wages Salary	 500 300 1,000
Remittances made to head office: Cash sales Cash collected from debtors	 2,750 21,000
Goods returned by branch at invoice price	300
Closing balances: Stock at invoice price Debtors Petty cash	 13,000 2,000 50

21. Hari Ltd purchased goods for its three departments as follows :

$$\left.\begin{array}{l}\text{Department A – 1000 units}\\ \text{Department B – 2000 units}\\ \text{Department C – 2400 units}\end{array}\right\}\text{at a total cost of Rs. 1,00,000}$$

Sales of the three departments were as follows:

Dept A – 1,020 units at Rs. 20 each
Dept B – 1,920 units at Rs. 22.50 each
Dept C – 2,496 units at Rs. 25 each

The opening stocks of the three departments were:

Dept A 120 units
Dept B 80 units
Dept C 152 units
The rate of gross profit is the same in each case. Prepare Departmental Trading Account

22. Ravi purchased a car on hire purchase system on April 2015. The total cash price of the car was Rs.1,65,000 payable Rs.50,000 on signing the agreement and the balance in three equal annual instalments of Rs.50,000 each payable on 31^{st} March every year for 3 years. Interest is charged at 15% per annum. You are required to pass journal entries in the books of Buyer and Seller.

23. A and B are partners in a firm. They share profits and losses in the ratio of 3:1. Their balance sheet is as follows :

Liabilities	Rs.	Assets	Rs.
Capital Accounts: A B	 80,000 40,000	Buildings	1,00,000
Creditors	60,000	Debtors	70,000
Bills payable	20,000	Cash	5,000
Reserve	40,000	Stock	40,000
		Plant	25,000
	2,40,000		2,40,000

'C' is admitted into partnership for $1/5^{th}$ share of the business on the following terms.

a. Building is revalued at Rs. 1,20,000

b. Plant is depreciated to 80%

c. Provision for bad debts is made at 5%

d. Stock is revalued at Rs. 30,000

e. C should introduce 50% of the adjusted capitals of both A and B. Prepare the necessary ledger accounts and Balance Sheet of the new firm.