

B.Com(CS) DEGREE EXAMINATION, APRIL 2019
I Year II Semester
Financial Accounting - II

Time : 3 Hours

Max.marks :75

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

Answer any **TEN** questions

1. What are the objects of Branch Accounts?
2. From the following prepare a branch account
 Goods sent to branch Rs.15,000 Branch Expenses Rs.6,000
 Closing stock Rs.2,300 Closing Petty cash Rs.40
 Cash received from the Branch Rs.24,000
3. Compute opening branch debtors balance from the following transactions:

	Rs.
Credit Sales	51,000
Cash received from debtors by the branch	42,500
Branch Debtors (Closing)	7,700
Discount allowed to customer by branch	1,800

4. What do you understand by Inter – department accounts?
5. From the following details, Prepare Departmental trading accounts.

Particulars	Dept.I	Dept.II
Opening stock	50,000	40,000
Purchase	6,50,000	9,10,000
Sales	10,00,000	15,00,000
Closing stock	1,00,000	2,00,000

6. From the following details, Prepare Departmental trading accounts.

Particulars	Dept.X	Dept.Y
Opening stock	9,000	8,400
Total purchase	27,000	21,600
Total sales	42,000	36,000
Closing stock	10,800	4,800
Credit purchase	17,000	10,600
Credit sales	5,000	6,000

7. Write short notes on Repossessed Stock.
8. Mr. JK purchased a machine by hire purchase system for Rs. 30,000 to be paid as follows

	Rs.
a) Down payment	5,000
b) At the end of the first year	7,000
c) At the end of the second year	6,500
d) At the end of the third year	6,000
e) At the end of the fourth year	5,500

Interest is charged at 10% p.a. At what value should the machine be capitalised?

9. What is Sacrificing Ratio?

10. Calculate the amount of goodwill on the basis of two years' purchase of the last four year' average profits. the profits / loss for the last four years are

Year		Amount
2001	Profit	10,000
2002	Profit	26,000
2003	Loss	12,000
2004	Profit	36,000

11. J and K share the profit and losses in the ratio of 5: 3. G joins as a partner on 1st April 2016. the following revaluation are made.
 a) Increase the value of building by Rs.10,000
 b) Reduce the value of debtors by Rs.2,000
 Give journal entries
12. Give journal entries for the following transactions:
 a. Realisation expenses paid Rs.1,000
 b. Assets realised Rs.50,000

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

Answer any **FIVE** questions

13. Explain the procedure to maintain accounts under of a branch under stock and debtors system.
14. A Madras head office has a branch at Salem to which goods are invoiced at cost plus 20%. From the following particulars. Prepare branch A/C in the head office books:

	Rs.
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash sales	1,10,400
Cash received from debtors	88,000
Branch Debtors 1.1.2006	24,000
Branch stock 1.1.2006	7,680
Branch stock on 31.12.2006	13,440

15. Distinguish between branch accounts and departmental accounts.
16. The proprietor of a large retail store wished to ascertain approximately the net profit of the X, Y, and Z departments separately for the three months ended 31st March 2006. It is found impracticable actually to take stock on that date, but an adequate system of departmental accounting is in use, and the normal rates of gross profit for the three departments concerned are respectively 40%, 30% and 20% on turnover before charging the direct expenses. The indirect expenses are charged in proportion to departmental turnover. The following are the figures for the departments:

	X	Y	Z
Opening stock	10,000	14,000	7,000
Purchase	12,000	13,500	9,700
Sales	20,000	18,000	16,000
Direct expenses	2,000	1,500	700

The total indirect expenses for the period (including those to other departments) were Rs.5,400 on the total turnover of Rs.1,08,000. Prepare a statement showing the approximate net profit, making a stock reserve of 10% for each department on the estimated value on 31.3.2006.

17. The Ramila Trading Company purchased a motor car from Bombay motor company on hire purchase agreement on 1.1.2000. Paying cash Rs.10,000 and agreeing to pay further three installments of Rs.10,000 each on 31st December each year. The cash price of the car is Rs.37, 250 and the Bombay

motor company charges interest at 5% p.a. The Ramila trading company writes off 10% p.a. as depreciation on the reducing balance method. Prepare Ledger A/C in the books of The Ramila Trading Company.

18. Madhu and Maha were partners sharing profits in the ratio of 3 : 2 They admitted Muthu for $\frac{1}{4}^{th}$ share of profit. Their Balance Sheet on the date of admission was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	60,000	Cash	1,00,000
Loan	40,000	Debtors 40,000	
Madhu's Capital	1,00,000	Less: Provision 2,000	38,000
Maha's Capital	1,00,000	Stock	22,000
		Furniture	40,000
		Building	1,00,000
	3,00,000		3,00,000

Prepare Revaluation A/C, Capital A/C and Bank A/C. after Muthu's admission taking into account the following:

- Muthu to contribute Rs. 60,000 as capital and Rs. 5,000 only out of his share of goodwill.
 - Goodwill of the firm is valued at 5 years purchase of super profit. Average profit and normal profit were Rs. 50,000 and 40,000 respectively.
 - Fixed assets are depreciated by 10%
 - Stock is revalued at Rs. 20,000
 - Provision for doubtful debts is increased to Rs. 4,000.
19. Jabral, Selvi and Saral share profits in the ratio 3:2:1 on 1st January 2002. Their Balance Sheet was:

Liabilities	Amount	Assets	Amount
Creditors	12,000	Machinery	25,000
General Reserve	3,000	Stock	11,000
Capital		Debtors	9,500
Jabral	20,000	Goodwill	13,000
Selvi	15,000	Cash	1,500
Saral	10,000		
	60,000		60,000

On the above date firm was dissolved. The assets realized Rs.50, 000. The creditors were settled at Rs.11, 500. Dissolution expenses Rs.1,000. Show the ledger accounts.

Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. A head office involves goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

	Rs.
Stock on 1.1.2012 (invoice price)	27,900
Debtors on 1.1.2012	20,400
Goods invoiced to branch (invoice price)	1,53,000
Cash sales	75,000
Credit sales	93,000
Cash collected from debtors	91,200
Goods returned by debtors	3,600
Goods returned to H.O by branch	4,500
Shortage of Stock	1,350
Expenses at the branch	16,200
Bad debts	600

21. A firm had two Departments' cloth and Readymade Garments. The garments were made by the firm itself out of cloth supplied by the cloth departments at its usual selling price. From the following figures, prepare departmental trading and profits and loss account for the year ended 31.3.2014.

	Cloth department Rs.	Readymade department Rs.
Opening stock on 1.4.2013	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments dept.	3,00,000	-
Expenses – Manufacturing	-	60,000
– Selling	20,000	6,000
Stock 31.3.2014	2,00,000	60,000

The stock in the readymade garments department may be considered as consisting as 75% cloth and 25% other expenses. The Cloth department earned gross profit @15% in 2012 - 2013. General expenses of the business as a whole came to Rs.1, 10,000.

22. 'P' Purchased a truck for Rs. 56,000, payment to be made Rs.15,000 down and 3 installments 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, P after having paid down payment and first installment to end of 1st year could not pay second installment 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 ledger accounts in the books of each party.
23. Shalini, Radhika and Priyadharshini were the partners sharing the profit & loss in proportion of $\frac{1}{2}$, $\frac{1}{3}$, $\frac{1}{6}$ respectively. Set out below was their balance sheet as on 31.3.2013

Balance sheet as on 31st March, 2013

Liabilities	Amount	Assets	Amount
Sundry creditors	94,500	Cash at bank	1,30,000
Bills payable	31,500	Land & Building	2,50,000
Reserve fund	1,20,000	Furniture	35,000
Outstanding expenses	4,000	Stock	1,45,000
Capital		Sundry Debtors	1,30,000
Shalini 1,80,000			
Radhika 1,65,000			
Priyadharshini 95,000	4,40,000		
	6,90,000		6,90,000

On 1st April, 2013 they agreed to admit Pavithra into the firm for $\frac{1}{4}$ th share of future profits on the following terms:

- Pavithra should bring in Rs.80, 000 as his Capital for $\frac{1}{4}$ th share of profits.
- Furniture is depreciated by Rs.3500.
- Stock be depreciated by 10%
- The value of land & building having appreciated be brought up to Rs.3,25,000

Pass Journal entry, Show revaluation A/C, Capital A/C, Bank A/C of partners and the Balance sheets of the new firm.