

B.Com DEGREE EXAMINATION, NOVEMBER 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 do you understand by stock and debtors system?
2. X,Y,Z were partners sharing profits in the ratio of 2:2:1, Z retires and his share was taken up by X and Y in the ratio of 3:2. Calculate the gaining ratio of X and Y.
3. Explain the term "Department".
4. What are the expenses which cannot be apportioned?
5. X bought some trucks under hire- purchase system for Rs. 51,000 payable by three equal instalments combining principal and interest, the latter being a normal rate at 5% per annum. Calculate the cash price. (The present value of an annuity of one rupee for three years at 5% is 2.72325)
6. Give the meaning of instalment purchase.
7. A and B are partners sharing profits in 3:2 ratio. C is admitted for 1/5 share which he acquires equally from both A and B. Find out the new ratio of partners.
8. Who is a sleeping partner?
9. What should be the basis of allocation of the following expenses under departmental accounts?
 - i.) Labour welfare expenses.
 - ii.) Advertising.
10. A television set cash price of which is Rs. 18,000 is sold on hire purchase system for Rs. 20,000. Payable in 4 Quarterly instalments of Rs. 5000 each. The first payment is made at the end of the 1st quarter. Show the interest for 4 years.
11. X and Y are partners sharing profits and losses in the ratio of 3:2. They admit Z in partnership and the new profit sharing ratio is 2:2:1. Z brings Rs. 30,000 as goodwill. Find out the total amount of goodwill.
12. State what entries would be passed by Head office to record the following transaction in the books on 31st Dec.
 - (i) Goods costing Rs. 15,000 sent by Head office to Trichy branch.
 - (ii) Goods amounting to Rs. 1,500 transferred from chennai branch to Trichy branch under instructions from head office.

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. From the following particulars prepare a branch account showing the profit or loss at the branch.

	Rs.
Opening stock at the branch	15,000
Goods sent to the branch	45,000
Sales	60,000
Salaries	5,000
Other expenses	2,000

Closing stock could not be ascertained but it is known that the branch usually sells at cost plus 20%. The branch manager is entitled to a commission of 5% on the profit of the branch before charging such commission.

14. Differentiate Hire purchase system and Instalment purchase system.
15. Explain the features of dependent branch?
16. From the following information, prepare a departmental trading account of X Ltd. which has two departments A and B.

	A (Rs.)	B (Rs.)
Opening Stock	5,000	4,000
Sales	1,00,000	2,00,000
Purchases	75,000	1,50,000
Sales Returns	10,000	8,000
Closing Stock	4,000	3,000
Wages	3,000	4,000
Carriage Inwards	1,000	2,000

17. X purchased a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in four annual instalments of Rs.25, 000 each plus interest. The cash price was Rs. 1,40,000. Interest is chargeable on outstanding balance at 20% per annum, Calculate interest for each year and the instalment amount.
18. A and B are partners in a firm sharing profits in the ratio 3:2. They surrender $\frac{1}{2}$ of their respective shares in favour of new partner "C". C is to bring his share of premium for goodwill in cash. Goodwill of the firm is estimated at Rs. 40,000. Pass the necessary journal entries for recording the goodwill in the above case.
19. A, B and C are partners sharing profits and losses in the ratio of 2:1:1. Their balance sheet as on 31st December 2000 is as follows:

Balance Sheet as on 31.12.2000

Liabilities	Rs.	Assets	Rs.
Creditors	35,000	Sundry Assets	1,00,000
A: 25,000			
B: 25,000			
C: <u>15,000</u>	65,000		
	1,00,000		1,00,000

On the above date, the firm is dissolved and the following were the terms agreed:

The assets realised Rs.1,07,000. Creditors were paid Rs. 28,000 in full settlement. Realisation expenses amounted to Rs.2,000. Close the books of the firm.

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

Answer any **TWO** questions

20. A Bombay head office sent goods to Madras Branch at 25% profit over cost. From the following details, prepare the necessary ledger accounts in the books of head office under stock and debtors system.

	Rs.
Opening stock of goods at branch at invoice price	20,000
Goods sent to branch at invoice price	90,000
Loss of goods in transit at invoice price	6,000
Pilferage at branch at the cost of branch	1,200
Closing stock at branch as its cost to branch	16,000
Sales at branch	1,05,000
Salaries and wages at branch	6,000
Other expenses at branch	3,000

Madras branch received Rs. 4,000 from the insurance company in settlement of the claim for the loss of goods in transit.

21. Sundar sold goods on Hire Purchase system at cost plus 60%. From the following, prepare Hire- purchase Trading account.

	Rs.
Jan 1 Goods out on H.P system at H.P price	32,000
Dec 31 Instalments not due, and unpaid	72,000
Instalments due and unpaid	4,000

The following transactions took place during the year:

- a) Goods sold on Hire purchase price Rs. 1,60,000
- b) Cash received from customers at H.P price 1,12,000
- c) Goods received back on default valued at 800
(Instalment due Rs. 4000)

22. A, B and C are partners in a business sharing profits and losses in proportion of 2:2:1. Their balance sheet as on 31.12.1998 is as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Bank	5,000
Reserve Fund	10,000	Debtors	12,000
Capital Accounts		Stock	15,000
A	20,000	Machinery	30,000
B	15,000	P&L A/c	5,000
C	10,000		
	67,000		67,000

B retires from the firm on 1.1.1999 on the following terms:

- The goodwill of the firm is valued at Rs.15,000
- Machinery is depreciated by 10% and stock is depreciated by 8%
- A bad debts provision is raised against debtors at 5%
- A liability of Rs.300 included in sundry creditors is not likely to arise and hence should be written back.

You are required to give journal entries and prepare:

- Revaluation A/c
- Capital account of all partners and
- Opening balance sheet of the new firm.

23. R, S and M are partners sharing profits and losses as 2:2:1. Their balance sheet as at 30.6.91 was at follows:

Liabilities	Rs.	Assets	Rs.
Creditors	4,000	Bank	5,000
Capital Accounts		Debtors	4,000
R	10,000	Stock	5,000
S	4,000	Fixtures	2,000
M	2,000	Machinery	9,000
Reserve Fund	5,000		
	25,000		25,000

They decided to dissolve the business. The following are the amounts realised.

Machinery Rs.8,500; Furniture Rs.1,500; Stock Rs.7,000 and Debtors Rs.3,700

Creditors allowed a discount of 2% and R agreed to bear all realisation expenses. For this service, R is paid Rs.120. Actual expenses amounted to Rs.900 which was withdrawn by him from the firm. There was an unrecorded asset of Rs.500 which was taken over by S at Rs.400. Pass journal entries and prepare Realisation A/c, Capital accounts and Bank A/c.