

B.Com. DEGREE EXAMINATION, APRIL 2020
I Year II Semester
Financial Accounting - II

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Difference between Realisation & Revaluation account.
2. Pass journal entries for the following transactions in the books of Head Office:
 - (i) Stock at Branch (on 1.1.97) - Rs.750
 - (ii) Goods received by branch sent by H.O - Rs.13,000
 - (iii) Cash remitted by Branch to H.O - Rs.18,000
 - (iv) Cheque sent to branch for expenses - Rs.2,000
3. From the following particulars, prepare Bangalore Branch account in H.O. Books.

Particulars	Rs.
Goods sent to Branch	40,000
Cheque sent to Branch for :	
Salaries	5,000
Rent	4,000
Other expenses	2,000
Cash received from Branch	60,000
Stock (31.3.1994)	8,000
Petty cash on hand (31.3.1994)	150

4. How the following expenses are apportioned under Departmental accounts:
 - (i) Depreciation, (ii) Rent, (iii) Selling expenses, (iv) lighting
5. What is Interdepartmental transfer.
6. If the rate of Gross profit for Dept. A is at 25% on cost and sales is Rs.1,00,000, then gross profit will be _____
7. What is Instalment purchase system.
8. Mr.X purchased a machine on hire purchase system Rs.3,000 being paid on delivery and the balance in Five instalments of Rs.6,000 each, payable annually on 31.12.1994. The cash price of the machine was Rs.30,000. Calculate the amount of interest for each year.
9. Write any four features of Partnership.
10. A and B are partners sharing profits & losses in the ratio of 5:3. They admit C as a partner. C acquires his share $\frac{4}{20}$ from A & $\frac{3}{20}$ from B. Find out the new profit sharing ratio & sacrificing ratio.
11. Goodwill is valued on the basis of 2 years purchase of average profits of the preceding 3 years. The profits of the previous three years were 2004 - Rs.44,000, 2005 - Rs.56,000, 2006 - Rs.68,000. Calculate (a) Average profit, (b) Value of Goodwill.
12. P,Q,&R share profits in proportion of $\frac{1}{2}, \frac{1}{4}, \& \frac{1}{4}$. On the date of dissolution, their Balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry assets	40,000
P's Capital	10,000		
Q's Capital	10,000		
R's Capital	6,000		
	40,000		40,000

The assets realised Rs.35,500. Creditors were paid in full. Realisation expenses amounted to Rs.1,500. Prepare Realisation account.

Section B (5 × 5 = 25) Marks

Answer any **FIVE** questions

13. Distinguish between Branch accounts & Departmental accounts.
14. A Madras head office has a branch to which goods are invoiced at cost plus 20%. From the following, prepare Branch A/c in the head office books.

Particulars	Rs.
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash sales	1,10,400
Cash received from Branch Debtors	88000
Branch Debtors on 1.1.96	24,000
Branch stock on 1.1.96	7,680
Branch stock on 31.12.96	13,440

15. What are departmental accounts? Explain their advantages.
16. There are 5 Departments in a concern. The total indirect expenses amounted to Rs.12,000. One sixth of expenses are to be divided equally to all the five departments. The remaining expenses are to be shared in the ratio of sales. Sales of various departments are as follows:

Particulars	Rs.
Department A	50,000
Department B	40,000
Department C	30,000
Department D	20,000
Department E	60,000

Show the allocation of indirect expenses.

17. Mr. P. purchased 4 cars for Rs.14,000 each on 1.1.92 under the Hire purchase system. The hire purchase price for all the 4 cars was Rs.60,000 to be paid as Rs.15,000 down payment & 3 equal instalments of Rs.15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a. on straight line method. From the above particulars, give journal entries in the books of Mr.P.
18. M & N were partners sharing profits & losses in the ratio of 3:2. They decided to admit P in to the partnership & revalue their assets & liabilities as indicated here under:
- To depreciate stock, Furniture & Machinery by Rs.3,000, Rs.1,000 & Rs. 5000 respectively.
 - To provide for Workmen's compensation of Rs.4,000
 - To bring in to record investment of Rs.3,000 which had not so far been recorded in the books of the firm.

19. P,Q & R share profits in the proportion of 1/2,1/4,&1/4.On the date of Dissolution, their Balance sheet was as follows:

Particulars	Rs.	Particulars	Rs.
Creditors	14,000	Assets	40,000
P's capital	10,000		
Q's capital	10,000		
R's capital	6,000		
	40,000		40,000

The assets realised Rs.35,500. Creditors were paid in full. Realisation expenses amounted to Rs.1,500. Close the books of the firm.

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

Answer any **TWO** questions

20. The Calcutta company invoiced goods to its Jamshedpur branch at cost. The head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following details relating to the branch, prepare

- (i) Branch stock A/c
- (ii) Branch Debtors A/c
- (iii) Branch Expenses A/c
- (iv) Branch P & L A/c

Particulars	Rs.	Particulars	Rs.
Stock (opening)	21,000	Discount to customers	4,200
Debtors (opening)	37,800	Bad debts	1,800
Petty cash (opening)	600	Goods returned by customers to branch	1,500
Goods sent from H.O.	78,000	Salaries	18,600
Cash sales	52,500	Rent	3,600
Advertisement	2,400	Debtors(closing)	29,400
Cash received from customers	85,500	Petty cash (closing)	300
Stock (closing)	19,500	Credit sales	85,200
Allowances to customers	600	Goods returned to H.O	3,000

21. The following purchases were made by a business house having three departments.
Dept.A-1000 units, Dept. B -2000 units,Dept.C-2,400 units at a total cost of Rs.1,00,000.
Stocks on 1st January were: Dept. A -120 units, Dept. B – 80 units,
Dept. C- 152 units.
Sales were Dept. A – 1020 units @Rs.20 each
Dept .B -1920 units @ Rs.22.50 each
Dept. C -2496 units @ Rs.25 each.
- The rate of Gross profit is same in each case. Prepare Departmental trading account.
22. The Balance sheet of P,Q,& R who are sharing profits & losses in the ratio of 2:2:1 respectively was as follows on 31.3.2011:

Liabilities	Rs.	Assets	Rs.
Bills payable	3,200	Cash	12,825
Creditors	6,250	Bills receivable	2,700
Capital A/c:		Stock	11,150
P	20,000	Debtors	8,900
Q	12,500	Furniture	1,750
R	10,000	Machinery	4,875
Profit & Loss A/c	2,250	Buildings	12,000
	54,200		54,200

P retires from the business from 1.4.2011 & his share in the firm is to be ascertained on a revaluation of the assets as follows: Stock-Rs.10,000, Furniture -Rs.1,500, Machinery-Rs.4,500, Buildings-Rs.10,000 & Rs.425 is to be provided for doubtful debts. The Goodwill of the firm is to be valued at Rs.3,000 . P is to be paid Rs.5,525 in cash on retirement & balance in 3 equal yearly instalments. Pass journal entries and show ledger accounts & new Balance sheet of Q & R.

23. X, Y and Z are partners, whose Balance sheet on 31.12.1992 is as follows:

Liabilities	Rs.	Assets	Rs.
Capital A/c's		Plant	4,000
X	1,600	Land	4,000
Z	1,000	Furniture	1,600
X's loan	2,000	Debtors	2,000
Creditors	10,000	Stock	1,600
		Cash in hand	100
		Y'S Capital	1,300
	14,600		14,600

Due to lack of liquidity and weak financial position of the partners, the firm is dissolved. X & Z are not able to contribute anything & a sum of Rs.400 received from Y. All of them are declared insolvent.

The assets are realised: Stock - Rs.1,000, Plant - Rs.2,000, Furniture - Rs.400, Land-Rs.1,600 & Debtors - Rs.1,100 only. Realisation expenses amounted to Rs.100. You are required to close the books of the firm.