

B.Com(CS) DEGREE EXAMINATION, APRIL 2020
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. Mention the types of branch.
2. What is meant by debtors system?
3. What is departmental accounts?
4. Sundar Ltd. carries on its business through 2 departments A and B. The following balances as on 31.12.2005 were ascertained:

Particulars	Dept . A(Rs)	Dept . B(Rs)
Opening stock	10,000	6,000
Purchases	1,00,000	60,000
Sales	96,000	62,000
Closing stock	23,000	8,000

Prepare Departmental Trading Account.

5. What is meant by Hire Purchase?
6. Mr.Selvam purchased a washing machine under hire purchase agreement. Its cash price is Rs.1,80,000. As per the terms of the agreement, Selvam has to pay Rs.40,000 at the time of signing the agreement. Balance amount is to be paid in 4 equal instalments of Rs.40,000 each at the end of every year. Calculate the interest to be paid at the end of each year.
7. On 01.01.2009 Arun purchased a washing machine from Standard Electronics Ltd., Chennai under hire purchase system, its cash price was Rs.15,675. Its other terms are as follows:
 - (i) Rs.4,500 is to be given at the time of agreement
 - (ii) The balance amount is to be paid in 3 equal instalments of Rs.4,500
 - (iii) The rate of interest charged by the seller is 10%.

Calculate the interest to be paid by the buyer to the seller every year.

8. A and B divide profit in 7 : 3. They admit C into partnership to share $\frac{2}{7}$ th share in the profit. Calculate the new profit sharing ratio.
9. Calculate the amount of goodwill at three years purchase of last five years average profits. The profits were:

Year	I	II	III	IV	V
Amount(Rs)	18,000	18,600	20,500	12,400	16,500

10. What is meant by "Dissolution of Firm"?
11. Give journal entry : When unrecorded assets are realized into cash.
12. Write journal entry for the following: Amount of Rs.20,000 paid to a partner.

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

Answer any **FIVE** questions

13. Write the importance of branch accounts.
14. From the following transactions prepare the Bangalore Branch A/c for the year ended 31st December 2016 in the books of the Head Office, Chennai.

Particulars	Rs
Stock at branch on 01.01.2016	36,200
Stock at branch on 31.12.2016	33,140
Branch debtors on 01.01.2016	11,300
Branch debtors on 31.12.2016	6,040
Petty cash at the branch on 01.01.2016	220
Petty cash at the branch on 31.12.2016	140
Goods sent to branch	1,56,680
Branch expenses met by Head office	7,000
Cash sent by head office to branch to meet petty expenses	1,040
Cash sales	1,68,200
Cash received from branch debtors	27,700

15. From the following details, prepare departmental accounts:

Particulars	Dept A(Rs)	Dept B(Rs)
Opening stock	9,000	8,400
Total purchases	27,000	21,600
Total Sales	42,000	36,000
Closing stock	10,800	4,800
Credit Purchases	17,000	10,600
Credit Sales	5,000	6,000

16. On 01.01.1986, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing of the contract) and Rs.4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest 5%. Calculate the interest in each year instalment.
17. A and B are in partnership sharing profits in the ratio of 3:2. They agree to take C into partnership for 1/5th share in profits, which C acquires equally from A and B. C brings Rs.20,000 as capital and Rs.10,000 as goodwill. Give journal entries.
18. Explain "Compulsory Dissolution of Firm".

19. P,Q & R share profits in the ratio of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$. On the date of dissolution their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
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.35,000. Creditors were paid in full. Realisation expenses amounted to Rs.1,500. Prepare Realisation A/C.

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

Answer any **TWO** questions

20. A departmental stores carries on its business through five departments A,B,C,D and E. The following information for 2003 are as follows:

(a) Salaries and commission Rs.11,020 ; Rent and rates Rs.2,900 ; Insurance Rs.1,160 ; Miscellaneous expenses Rs.2,610.

(b) All these expenses are chargeable to each department in proportion to the cost of the articles sold in the respective departments.

(c) The following balances as at 31.12.2003 were ascertained:

Particulars	A (Rs)	B (Rs)	C (Rs)	D (Rs)	E (Rs)
Opening stock at cost	10,000	6,000	15,000	8,000	9,000
Purchases	1,00,000	60,000	20,000	52,000	60,000
Sales	96,000	62,000	19,000	46,000	60,000
Closing stock at cost	23,000	8,000	6,000	2,000	11,000

Prepare Trading and Profit & Loss A/C to show the result of each department and the combined results.

21. Mr.X purchased a machine on hire purchase system. Rs.30,000 being paid on delivery and the balance in five instalments of Rs.60,000 each, payable annually on 31st December. The cash price of the machine was Rs.3,00,000. Calculate the amount of interest for each year.

22. A and B were partners sharing profits and losses in the ratio of 2:1. Their balance sheet as on 31.12.2008 was as follows:

Liabilities	Amount	Assets	Amount
Creditors	65,900	Cash	1,200
Capital Accounts:		Debtors	9,700
A 30,000		Stock	20,000
B <u>20,000</u>	50,000	Machinery	35,000
		Buildings	50,000
	1,15,900		1,15,900

They decided to admit 'C' as a partner for $\frac{1}{3}$ share in the profits of the firm subject to the following conditions:

- (a) He should bring in Rs.15,000 as his capital.
- (b) The value of stock and machinery to be depreciated by 10%.
- (c) The provision of 5% on sundry debtors to be made for doubtful debts.
- (d) The value of buildings to be appreciated by Rs.9,500.

Prepare necessary ledger accounts.

23. The balance sheet of A , B and C as on 31.12.2008 was as below:

Liabilities	Amount	Assets	Amount
Capital Accounts:		Furniture	1,60,000
A	2,00,000	Machinery	80,000
B	1,20,000	Stock	1,60,000
General reserve	1,20,000	Debtors	80,000
Creditors	1,60,000	Cash at bank	48,000
		C's capital	72,000
	6,00,000		6,00,000

C became insolvent but he is giving Rs.16,000 from his assets. It was decided to dissolve the partnership firm.

Assets were realised as below: Debtors – Rs.60,000; Furniture – Rs.1,12,000; Stock – Rs.1,28,000; Machinery – Rs.56,000; Realization expenses – Rs.20,000.

Assuming capitals are fluctuating prepare necessary accounts of the firm.