

B.Com(Hons) 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 **ALL** the questions

1. What do you mean by instalment purchase system?
2. Write a short note on independent branch.
3. What is partnership?
4. Give the meaning of insolvency of a partner.
5. What is investment?
6. 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.5,000 each. The first payment is made at the end of the 1st quarter. Show how interest is calculated.
7. From the following particulars, calculate closing branch debtors balance:

Branch Debtors(1.1.98)	6,300
Credit sales	39,000
Cash received from Debtors	41,200.
8. X and Y were partners sharing profit and loss in the ratio of 3:2. They admit Z into partnership. The new profit sharing ratio of XYZ is 5:3:2. Find out the sacrificing ratio.
9. A partnership firm has three partners A,B and C with capitals as A Rs. 40,000, B Rs.20,000 and C Rs 20,000. The partners share profits and losses in the ratio of 3:2:1. You are required to calculate absolute surplus capital under proportionate capital method of piecemeal distribution.
10. Mohan of Bangalore buys 12% debentures of the nominal value Rs. 20,000 at Rs. 96 ex-interest on 31st march 2012. Interest is payable half-yearly on 30th June and 31st December.

Calculate the total purchase price and show its allocation to capital and revenue.

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

Answer any **FIVE** questions

11. Differentiate between hire purchase system and instalment purchase system.
12. Explain the concept of ex-interest and cum-interest.

13. Sunder sells goods on Hire Purchase system at cost plus 60%. From the following prepare Hire-Purchase Trading A/c.

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

The following transactions took place during the year:-

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

14. From the following particulars, prepare Branch account showing the profit or loss of the branch:

Opening stock at the branch	Rs.30,000
Goods sent to branch	Rs.90,000
Sales (cash)	Rs.1,20,000
Expenses :	
Salaries	Rs.10,000
Other expenses	Rs.4,000

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

15. From the following particulars, prepare the Departmental Trading and Profit and Loss A/c for the year ending 31-12-97.

	Dept X (Rs.)	Dept Y (Rs.)
Stock on (1-1-97)	9000	8400
Sales	42000	36000
Purchases	27000	21600
Direct expenses	5490	8520
Postage	360	360
Stock (31-12-97)	10800	4800

Indirect expenses for the entire business was Rs.3900 which are to be divided in the proportion of sales of the two departments.

16. A, B and C are in partnership sharing profits and losses in the ratio of 9:6:5. Their balance sheet stood as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	15,000	Sundry Assets	80,000
Capital accounts:			
A	20,000		
B	20,000		

C	15,000		
Profit & Loss A/c	10,000		
	80,000		80,000

C retires and a revaluation loss of Rs.2000 is visualized. The goodwill of the firm is Rs. 20,000 and the remaining partners A and B pay for the share of goodwill due to C so as to keep the goodwill as a secret reserve.

Write up the capital account of the outgoing partner C and transfer it to C's loan account.

17. P, Q and R share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$, and $\frac{1}{4}$. 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 realized Rs. 35,500. Creditors were paid in full. Realization expenses amounted to Rs.1, 500. Close the books of the firm

18. R Colliery Co. Leases a mine at a dead rent of Rs. 8,000 per annum. Dead rent paid in excess of actual royalties is recoverable during the five years following the year in respect of which such excess was paid. The results of the working for the year ended were as follows:

Year	2000	2001	2002	2003
Actual royalties(Rs.)	2,600	7,400	14,000	14,800

Write up the minimum rent account and short workings allowable in the books of Colliery Co.

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

PART - A - Case Study - Compulsory Question

19. X, Y and Z sharing profits in the proportion of 3:2:1 decided to dissolve partnership on 31.12.2016. their Balance sheet on that date was as under:

Liabilities	Rs.	Assets	Rs.
Capital accounts:		Leasehold premises	12,500
X	30,000	Goodwill	20,000
Y	10,000	Machinery	30,520
Z	10,000	Stock	7,550

Bank loan	11,500	Investment	6,330
Leasehold redemption fund	6,000	Joint life policy	12,000
Life policy fund	12,000	Sundry debtors	5,800
Sundry creditors	16,200	Less: reserve	<u>500</u>
			5,300
		Cash at bank	1,500
	95,700		95,700

The joint life policy is surrendered for Rs. 10,000. The investments are taken over by Y for Rs. 8,000. X agreed to discharge the bank loan.

The remaining assets are sold for Rs. 86,700. The expenses of realization amount to Rs. 850.

Show the necessary ledger accounts including the accounts of the partners in order to find out the following:

- Profit to be transferred to capital A/c
- Capital A/c realisation profit.

PART - B

Answer any **ONE** questions

20. Krishna sells products on H.P. terms, the price being $33\frac{1}{3}\%$. From the following particulars for the year ended 31.12.95, prepare the necessary accounts on stock – debtors system to reveal the profit earned.

1.1.1995	Stock out on hire at H.P. Price	16,00,000
	Stock in hand at shop	2,00,000
	Instalments due (Customers still paying)	1,20,000
31.12.1995	Stock out on hire at H.P. Price	18,40,000
	Stock in hand, at the shop	2,80,000
	Instalments due (Customers still paying)	2,00,000
	Cash received during the year	32,00,000

21. A head office invoices 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.		Rs.
Stock on 1.1.89 (invoice price)	27,900	Goods returned by debtors	3,600
Debtors on 1.1.89	20,400	Goods returned to H.O by Branch	4,500
Goods invoiced to the branch	1,53,000	Shortage of stock	1,350
Cash sales	75,000	Discount allowed	600
Credit sales	93,000	Expenses at the branch	16,200
Cash collected from debtors	91,200	Bad debts	600