SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN (AUTONOMOUS)
(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.
B.Com. END SEMESTER EXAMINATIONS APRIL-2022
SEMESTER - II
20UCOCT2003 - Financial Accounting - II

Total Duration : 3 Hrs. **Total Marks : 60**

Section A

Answer any **SIX** questions $(6 \times 5 = 30$ Marks)

1. State the difference between branches and departments.

2. Layal shoe company opened a branch at madras on 1.1.89. from the following particulars, prepare the Madras Branch account for the years 1989 and 1990.

Particulars	**1989** (Rs.)	**1990** (Rs.)
Goods sent to Madras Branch	15,000	45,000
Cash sent to Branch for: Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the Branch	24,000	60,000
Stock on 31^{st} December	2,300	5,800
Petty cash in hand on 31^{st} December	40	30

3. Explain a department? Describe the advantages of preparing departmental accounts?

4. From the following particulars, prepare the departmental trading and profit and loss account for the year ending 31-12-2017.

	Dept.X (Rs.)	**Dept.Y** (Rs.)
Stock 1-1-2017	9,000	8,400
Sales	42,000	36,000
Purchases	27,000	21,600
Direct expenses	5,490	8,520
Postage	360	360
Stock 31-12-2017	10,800	4,800

Indirect expenses for the entire business was Rs.3,900 which are to be divided in the proposition of sales of the two departments.

Contd...

5. On 1-1-2007, Raj 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 is 5%. Calculate the interest in each year's installment.

6. A firm earned net profits during the last three years as follows:

   I Year Rs.36,000, II Year Rs.40,000, III Year Rs.44,000

   The capital investment of the firm is Rs.1,20,000. A fair return on the capital having regard to the risk involved is 10%. Compute the value of good will on the basis of 3 years purchase of super profits.

7. P, Q, and R share profits in proportion of 1/2, 1/4, and 1/4. On the date of dissolution their balance sheet was as follow:

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 be Rs.1,500. Close the books of the firm.

8. A, B and C are partners sharing profits in the ratio of 5:3:2. On 01.01.1988 'B' wanted to retire. On account of this they decided to revalue the assets and liabilities
   a) Appreciate premises by Rs.18,000
   b) Depreciate stock by Rs.1,000; Furniture by Rs.500; Machinery by Rs.2,300
   c) Provide for an outstanding liability for Rs.200.

   Show journal entries and prepare revaluation Account.

Section B

Answer any **THREE** questions $(3 \times 10 = 30$ Marks)

9. Arun Agencies opened a branch in Vellore on 1^{st} January 1990.Goods were invoiced at selling price which was at cost plus 25%.From the following particulars relating to the year 1990.You are required to prepare different accounts under the stock and debtors system.

Contd...

Particulars	**Rs.**
Goods sent to branch	30,000
Sales:	
Cash	10,000
Credit	14,000
Goods returned by customers	300
Cash received from customer	8,000
Discount allowed	100
Cash remitted to branch for:	
Rent & rates	150
Salaries	600
Sundry expenses	100
Defective goods written off	100
Goods returned by branch	1,200
Stock at the end	5,000

10. A firm had two departments cloth and readymade garments. The garments were made by the firm itself out of cloth supplied by the cloth department and its usual selling price. From the following figures, prepare departmental Trading and profit account for the year ended 31.3.2012.

Particulars	**Cloth Dept (Rs.)**	**Readymade Dept (Rs.)**
Opening stock on 1.4.2011	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments depts.	3,00,000	-
Expenses:		
Manufacturing	-	60,000
Selling	20,000	6,000
Stock on 31.3.2012	2,00,000	60,000

The stock in readymade garments departments may be considered as consisting of 75% cloth and 25% other expenses. The cloth departments earned gross profit @15% in the 2010 – 2011. General expenses of the business as a whole came to Rs.1,10,000.

Contd...

11. On 1^{st} January 1996 Baba & Co. purchased a machine on hire purchase basis, the total amount payable being Rs.42,700. Payment was to made Rs.12,000 on that date and balance in three half-yearly installments of Rs.11,400, Rs.10,900, and Rs.8,400 commencing from 30^{th} June 1996. The vendor charged interest @ 10% p.a., calculated on half-yearly rests. Baba & Co. close their books annually on 30^{th} June and provide depreciation @ 10% p.a. on reducing balance method. Determine the cash price of the machine and show the relevant accounts in the books of Baba & Co.

12. A, B and C are partners in a firm sharing profits and losses in the ratio of 1/3: 1/2: 1/6 respectively. The Balance Sheet as on 31-12-1996 was as follows.

Liabilities	**Rs.**	**Assets**	**Rs.**
Sundry Creditors	25,000	Buildings	50,000
Loan Payable	15,000	Machinery	40,000
Reserve Fund	16,000	Furniture	10,000
Capital A	30,000	Stock	25,000
B	40,000	Debtors	18,000
C	25,000	Less:Provision 500	17,500
		Cash	8,500
	1,51,000		**1,51,000**

C retires on 31-12-1996 subject to the following conditions:
(a) A goodwill account is created in the books for Rs.24,000.
(b) Machinery to be depreciated by 10%.
(c) Furniture to be depreciated by 5%.
(d) Stock to be appreciated by 15% and buildings to be appreciated by 10%.
(e) Reserve for doubtful debts to be raised to Rs.2,000.

Prepare necessary ledger accounts and show the Balance Sheet of the new firm.

13. Orange, apple and banana were in partnership sharing profits and losses in the ratio 3:2:1. They decided to dissolve the partnership and to distribute the sale proceeds as and when realized. The partner's capital were orange Rs:10,000; Apple Rs:9000 and banana Rs:5,000 Apple's loan (Cr) amounted to Rs :3,000 Sundry creditors amounted to Rs:6000 the assets were realized as under:

Month	**Stocks (Rs.)**	**Furniture (Rs.)**	**Debtors (Rs.)**	**Expenses (Rs.)**
July	3,000	300	2,000	500
August	2,000	100	1,500	200
September	2,500		2,000	300
October	3,000		1,500	200

Justify your answer by a statement showing the distribution of cash and journal entry for closing finally the capital accounts of the partners by following the proportionate capital method.

*****