

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.(CS) END SEMESTER EXAMINATIONS NOVEMBER-2022  
 SEMESTER - II  
**21UBCCT2003 - Financial Accounting II**

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

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

1. Distinguish between wholesale and retail branches.
2. From the following particulars prepare a Branch Account showing the profit or loss from the branch.  
 Opening stock at the branch Rs.15,000,  
 Goods sent to the branch Rs.45,000,  
 Sales Rs.60,000,  
 Salaries Rs.5,000,  
 Other expenses Rs.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.
3. Explain the procedure for preparation of departmental accounts.
4. From the data, prepare departmental trading and P & L a/c and therefore, the combined income account revealing the concern's true result for the year ended 31<sup>st</sup> December 2020

Particulars	Dept. J Rs.	Particulars	Dept. K Rs.
Stock (January)	40,000	Purchase from outside	20,000
Purchase from outside	2,00,000	Wages	1,000
Wages	10,000	Transfer of goods from Dept.J	50,000
Stock (December) at cost to the Dept.	30,000	Stock (December) at cost to the Dept.	10,000
Sale to outside	2,00,000	Sale to outside	71,000

K's entire stock represents goods from dept.J which transfers them at 25% above its cost.

Administrative and selling expenses Rs.15,000 which is to be allocated between dept.J and K in the ratio 4:1, respectively.

5. Distinguish between hire purchase system and instalment system.
6. On April 1, 2022 ABC Ltd., purchased a machine on hire purchase system. According to the terms of the agreement Rs.80,000 was to be paid on the signing of the contract. The balance was to be paid in four annual instalments of Rs.50,000 each plus interest. The cash price of the plant was Rs.2,80,000. Interest chargeable on outstanding balance was 20% per annum. Find yearly interest payable by ABC Ltd.,
7. Calculate the value of Goodwill in the following cases:
  - a. Capital invested Rs.1,00,000, Actual profit Rs.20,000, Normal rate of interest is 10%. Partners, salary Rs.6,000, Goodwill at three years purchase of the super profits.
  - b. Net profit of the firm Rs.15,000, Capital invested Rs.1,00,000, Normal rate of return 10%. Use the capitalisation method.

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8. X and Y were in partnership sharing profits in the ratio of 3:1. They agreed to dissolve the firm. The assets, other than cash of Rs.2,000 of the firm realised were worth Rs.1,10,000. The liabilities and other particulars on that date of the firm were as follows: Creditors a/c Rs.40,000, X's capital a/c Rs.1,00,000, Y's capital a/c (Dr.) Rs.10,000, P&L a/c (Dr.) Rs.8,000, Realisation expenses Rs.1,000, Creditors were settled in full at Rs.38,000. Prepare the Realisation a/c, Cash a/c, Capital a/c.

### Section B

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

9. The Vivin Commercial Company invoiced goods to its Delhi Branch cost 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 Branch Stock Account, Branch Debtors Account, Branch Expenses Account, Branch Profit and Loss Account.

Particulars	Rs.	Particulars	Rs.
Opening stock	21,000	Allowances to customers	600
Opening debtors	37,800	Discount to customers	4,200
Opening petty cash	600	Bad debts	1,800
Goods sent from head office	78,000	Goods returned by customers to branch	1,500
Goods returned to head office	3,000	Salaries and wages	18,600
Cash sales	52,500	Rent and rates	3,600
Advertisement	2,400	Closing debtors	29,400
Cash received from debtors	85,500	Closing petty cash	300
Closing stock	19,500	Credit sales	85,200

10. Arun Ltd., has two departments M and N. From the following particulars, prepare the consolidated Trading account and Departmental Trading account for the year ending on 31<sup>st</sup> March 2022.

Particulars	M Rs.	N Rs.	Particulars	M Rs.	N Rs.
Opening stock (at cost)	20,000	12,000	Purchased goods transferred:		
Purchase	92,000	68,000	by N to M	10,000	
Sales	1,40,000	1,12,000	by M to N		8,000
Wages	12,000	8,000	Finished goods transferred:		
Carriage	2,000	2,000	by M to N	35,000	
Closing stock:			by N to M		40,000
Purchased goods	4,500	6,000	Return of finished goods:		
Finished goods	24,000	14,000	by M to N	10,000	
			by N to M		7,000

You are informed that purchased goods have been transferred mutually at their respective departmental purchase cost and finished goods at departmental market price and that 20% of the finished stock at each department represented finished goods received from the other department.

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11. On 1<sup>st</sup> April, 2018, A-ONE Electronics sold a generator to Royal Engineering costing Rs.3,13,600 on an hire purchase agreement to pay Rs.90,000 as down payment and Rs.90,000 as annual instalments on 31<sup>st</sup> March. Interest being charged at 10% per annum and the purchaser charged 10% as depreciation adopting written down value method. Since the purchaser failed to pay the instalment due on 31<sup>st</sup> March 2020, the vendor repossessed the generator. Prepare the necessary ledger accounts in the books of Royal Engineering.
12. The following was the Balance Sheet of A, B and C sharing Profit and Losses in the ratio of 6:5:3.

Liabilities	Rs.	Assets	Rs.
Sundry creditors	18,900	Land and Building	50,400
Bills payable	6,300	Furniture	7,350
Reserve	7,000	Closing stock	29,400
A - Capital	39,900	Debtors	26,460
B - Capital	33,600	Cash at bank	8,890
C - Capital	16,800		
	1,22,500		1,22,500

They agreed to take 'D' into partnership and give him 1/8 share of the profits on the following conditions

- D to bring in Rs.16,000 as his capital.
- The furniture to be written down by Rs.920.
- The stock to be depreciated by 10%.
- A reserve of Rs.1,320 to be made of outstanding expenses.
- That the value of land and buildings to be written up to Rs.65,100.
- That the goodwill of the firm to be valued at Rs. 8,820.
- Open the ledger accounts in the books of firm on the admission of the new partner D.

Also prepare the new firm's Balance Sheet.

13. P, Q and R carrying on business as merchants and sharing profits and losses in the ratio of 2:2:1, dissolved their firm on December 31, 2020 on which date their Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	20,300	Cash at bank	4,500
Reserve fund	10,000	Stock	16,000
Joint life policy reserve	8,000	Debtors 10,000	
P - Capital	15,000	Less : Provision 500	9,500
Q - Capital	15,000	Joint life policy	11,000
R - Capital	3,000	Premises	30,300
	71,300		71,300

The assets except cash at bank, joint life policy, were sold to a company which paid Rs.65,000 in cash. The joint life policy was surrendered and Rs.11,300 were received. Z proved insolvent and a dividend of 50% was received from his estate. Sundry creditors were paid Rs.19,500 in full settlement. The expenses amounted to Rs.3,000. There is a bill for Rs.1,000 under discount. The bill was received from Z. Prepare the Realisation account, Cash account and Partner's Accounts.

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