

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.(Honours) - END SEMESTER EXAMINATIONS APRIL - 2023

SEMESTER - II

**20UBHCT2005 - Financial Accounting - II**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

**Section B**

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

1. Distinction between Hire purchase and Instalment system.
2. On 1-1-86, 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 is 5%. Calculate the interest in each year's instalment.
3. Loyal shoe company opened a branch at Madras on 1.1.89. From the following particulars, the Madras Branch account for the years 1989 and 1990.

<b>Particulars</b>	<b>1989</b> (Rs.)	<b>1990</b> (Rs.)
Goods sent to Madras Branch	15,000	45,000
<b>Cash sent to Branch for:</b>		
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 <sup>st</sup> December	2,300	5,800
Petty cash in hand on 31 <sup>st</sup> December	40	30

4. Show what entries would be passed by head office to record the following transactions in the books on 31<sup>st</sup> December, the date of annual closing?
  - (i) Goods amounting Rs.1,500 transferred from Chennai branch to Trichy branch under instructions from head office.
  - (ii) Depreciation of Rs.1,000 on Chennai branch fixed assets when such accounts are opened in the head office books.
  - (iii) A remittance of Rs.9,000 made by the Trichy branch to head office on 26<sup>th</sup> December and received by the head office on 4<sup>th</sup> January.
  - (iv) Goods amounting to Rs.15,000 sent by head office to Trichy branch on 20<sup>th</sup> December and received by the latter on 15<sup>th</sup> January.

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5. A and B are partners in a firm sharing profits in the ratio of 3:2. They surrender  $\frac{1}{2}$  of their respective shares in favour of new partner 'C'. C is to bring his share of premium for goodwill in cash. The goodwill of the firm is estimated at Rs.40,000. Pass the necessary journal entries for recording the goodwill in the above case.
6. 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		
	<b>40,000</b>		<b>40,000</b>

The assets realised Rs.35,000. Creditors were paid in full. Realisation expenses amounted to Rs.1,500. Close the books of the firm.

7. Explain important terms in Consignment.
8. Prem consigned 200 boxes of Medicines @ Rs.100 per Box to Ram. He incurred the following expenses:

	Rs.
Insurance	1,000
Loading Charges	1,600
Freight	1,400

An account sales was received from Ram which showed that 160 boxes were sold @ Rs.200 per box. Ram incurred the following expenses:

	Rs.
Clearing charges	1,000
Godown rent	400
Advertisement	600
Other selling expenses	1,000

Ascertain the value of stock on consignment and also show the relevant entry.

### Section C

I - Answer any **TWO** questions ( $2 \times 10 = 20$  Marks)

9. A company leased a colliery on 1-1-92 at a minimum rent of Rs.20,000 merging into a royalty of Rs.1.50 per tonne with power to recoup short workings over the first four years of the lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000 tonnes and 20,000 respectively. Give journal entries and ledger accounts for four years in the books of lessee and lessor.

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10. A head office at Bhopal invoices goods to its branch at Indoor at cost, and the branch sells the goods not only for cash but on credit also. The expenses of the branch are paid by the head office. From the following particulars relating to the branch opened on 1-1-1996, prepare the necessary accounts under stock and debtors system in the head office books.

Particulars	Rs.	Particulars	Rs.
Goods sent to branch at cost	5,000	Credit Sales	5,200
Goods returned by the branch at cost	300	Discount allowed to customers	180
Expenses paid by the head office	1,000	Cash sales	250
Remittance from branch	4,200	Branch stock (31-12-96)	1,700
Receipts from debtors not paid in by branch	300	Branch debtor (31-12-96)	770

11. K, L and M are partners sharing profits in the ratio of 4:3:2. Their Balance sheet on 31.3.2011 was:

Liabilities	Rs.	Assets	Rs.
Creditors	26,400	Cash in hand	4,000
General Reserve	21,600	Cash at bank	4,000
Capital A/c: K=Rs.56,000 L=Rs.36,000 M=Rs.24,000	1,16,000	Debtors	12,000
		Stock	24,000
		Machinery	40,000
		Land & Building	80,000
	<b>1,64,000</b>		<b>1,64,000</b>

The firm had a joint life policy for Rs.32,000. The surrender value of the policy was Rs.10,800 as on 31.3.2011. L retires on the above date on the following terms:

- (i) A Provision of Rs.1,200 be made in respect of legal charges
- (ii) Goodwill is to be valued at Rs.14,400
- (iii) Machinery be written down by 10% and stock by 5%
- (iv) Land & Building be appreciated by 20%
- (v) A provision for doubtful debts of 5% to be created.
- (vi) L to be paid Rs.2,000 by cheque and Rs.2,000 by cash at the time of retirement and balance be transferred to his loan account.

Prepare Revaluation A/c, Partners' capital A/c and Balance sheet of K and M.

**Contd...**

12. Red, White and Blue are in partnership. The following is their Balance sheet as at 31.12.85 on which date, they dissolved partnership. They share profits in the ratio 5:3:2

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capitals:		Premises	40,000
Red	50,000	Plant	30,000
White	15,000	Stock	30,000
Blue	45,000	Debtors	60,000
Creditors	40,000		
Red's Loan	10,000		
	<b>1,60,000</b>		<b>1,60,000</b>

It was agreed to repay the amounts due to the partners as and when the assets were realised, viz

<b>Date</b>	<b>Rs.</b>
1.2.86	30,000
1.4.86	73,000
1.6.86	47,000

Prepare a statement showing how the distribution to the partners should be made.

#### II - Compulsory question (1 × 10 = 10 Marks)

13. Raghul sends goods on 1-1-99 to Patuadi on consignment basis to be sold at 10% commission on sales. Patuadi accepted a bill of Rs.1,00,000 drawn by Raghul for 4 months on the same date. Raghul discounted the bill with his banker @15% p.a on 4-2-99. Raghul incurred Rs.30,000 by way of freight and other expenses whereas expenses of Patuadi were Rs.20,000 out of which 60% were non-recurring. Patuadi sent the final balance of Rs.2,85,000 to Raghul on 31-3-99 along with an account sales. The gross profit margin is 25% and 10% of goods remained unsold with patuadi. You are required to prepare the necessary ledger accounts in the books of both the parties.

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