

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 NOVEMBER -2023

SEMESTER - II

20UCOCT2003 - Financial Accounting - II

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section B

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

1. Explain the rule laid down in Garner vs Murray case.
2. Differentiate hire purchase system and installment system.
3. Explain the features of independent branch.
4. A Madras head office has a branch at Salem to which goods are invoiced at cost plus 20%. From the following particulars. Prepare branch A/C in the head office books:

	Rs.
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash sales	1,10,400
Cash received from debtors	88,000
Branch Debtors 1.1.2006	24,000
Branch stock 1.1.2006	7,680
Branch stock on 31.12.2006	13,440

5. The proprietor of a large retail store wished to ascertain approximately the net profit of the X, Y, and Z departments separately for the three months ended 31st March 2006. It is found impracticable actually to take stock on that date, but an adequate system of departmental accounting is in use, and the normal rates of gross profit for the three departments concerned are respectively 40%, 30% and 20% on turnover before charging the direct expenses. The indirect expenses are charged in proportion to departmental turnover.

The following are the figures for the departmental

	X	Y	Z
Opening stock	10,000	14,000	7,000
Purchase	12,000	13,500	9,700
Sales	20,000	18,000	16,000
Direct expenses	2,000	1,500	700

The total indirect expenses for the period (including those to other departments) were Rs.5,400 on the total turnover of Rs.1,08,000 Prepare a statement showing the approximate net profit, making a stock reserve of 10% for each department on the estimated value on 31.3.2006.

6. The Ramila Trading Company purchased a motor car from Bombay motor company on hire purchase agreement on 1.1.2000. Paying cash Rs.10,000 and agreeing to pay further three installments of Rs.10,000 each on 31st December each year. The cash price of the car is Rs.37,250 and the Bombay motor company charges interest at 5% p.a. The Ramila trading company writes off 10% p.a. as depreciation on the reducing balance method. Journalise.

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7. Shalini, Soniya and Tamilselvi are the partners sharing profits in the ratio of 5:3:2. Soniya decide to retire. Goodwill of Firm is to be valued at two year purchase of four year profit.

Year	Amount
2001 Profit	12,500
2002 Profit	18,500
2003 Profit	17,500
2004 Profit	31,500

- (a) There is no Goodwill in the books of the firm.
 (b) The Goodwill appears Rs.30,000
 (c) The Goodwill appears Rs.50,000
8. Jabral, Selvi and Saral share profits in the ratio 3:2:1 on 1st January 2002. Their Balance Sheet was:

Liabilities	Amount	Assets	Amount
Creditors	12,000	Machinery	25,000
General Reserve	3,000	Stock	11,000
Capital		Debtors	9,500
Jabral	20,000	Goodwill	13,000
Selvi	15,000	Cash	1,500
Saral	10,000		
	60,000		60,000

On the above date firm was dissolved. The assets realized Rs.50,000. The creditors were settled at Rs.11,500. Dissolution expenses Rs.1,000. Give the necessary journal entries and ledger accounts.

Section C

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

9. The Following purchases were made by a business house having three departments.

Dept A - 1,000 Units	} Total Cost Rs.1,00,000
Dept B - 2,000 Units	
Dept C - 2,400 Units	

Sales were

Dept A - 1,020 Units @ Rs.20 Per Unit

Dept B - 1,920 Units @ Rs.22.50 Per Unit

Dept C - 2,496 Units @ Rs.25 Per Unit

Stocks on 1st January were:

Dept A - 120 Units

Dept B - 80 Units

Dept C - 152 Units

The rate of gross profit is the same each case. Prepare Departmental Trading A/c.

10. A head office involves 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.
Stock on 1.1.2012 (invoice price)	27,900
Debtors on 1.1.2012	20,400
Goods invoiced to branch (invoice price)	1,53,000
Cash sales	75,000
Credit sales	93,000
Cash collected from debtors	91,200
Goods returned by debtors	3,600
Goods returned to H.O by branch	4,500
Shortage of Stock	1,350
Expenses at the branch	16,200
Bad debts	600

11. Rami purchased a Van for Rs.42,000. Payment is made as Rs.10,000 down and four installments of Rs.10,000 each at the end of each year. Interest is charged at 10% p.a. Buyer depreciates the van at 10% p.a. on written down values method. Ramesh after having paid the down payment and first installment at the end of first year. Could not pay the second installment and the hire vendor took possession of the van. The hire vendor after spending Rs.1,280 on repairs of the van, sold it for Rs.31,000. Show the ledger accounts in the books of both parties.
12. Rani and Deepa were the partners sharing the profit & loss in the ratio of 7:5 their balance sheet as on 31st December, 2005 is as under.

Balance Sheet as on 31st December, 2005

Liabilities	Amount	Assets	Amount
Capital		Land & Building	80,000
Rani 60,000		Machinery	20,000
Deepa 50,000	1,10,000	Investment	40,000
Reserve fund	20,000	Stock	22,000
Sundry creditors	32,000	Debtors 10,000	
Bills payable	13,600	Less: Doubtful debt 400	9,600
		Cash	4,000
	1,75,600		1,75,600

They decided to admit Sumathi into the partnership with effect from 1st January, 2006 on the following terms.

- (i) Sumathi shall bring in a capital of Rs.40,000 for 1/3rd share of profit.
- (ii) Goodwill of the firm was valued at Rs.72,000.
- (iii) Land was to be appreciated by 10% and Investment was to be revalued at Rs.52,000.
- (iv) Stock was to be written down by Rs.4,000.
- (v) Provision for doubtful debt was to be increased to Rs.600.
- (vi) Creditors include Rs.1,000 no longer payable and this sum was to be written off.

Pass Journal entry, Prepare revaluation A/c, Capital A/c of partners and the Balance sheets of the Reconstituted partnership.

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13. The balance sheet of Madhu, Swathy and Deepika sharing profit and loss in the ratio of 1:2:2 as on 31.12.2006 is given below:

Liabilities	Amount	Assets	Amount
Creditors	10,000	Sundry assets	35,000
Madhu Capital	4,000	Cash	5,000
Swathi Capital	11,000		
Deepika Capital	15,000		
	40,000		40,000

On the above date, they decided to dissolve the firm and to firm and to repay the amount due to partners as and when the assets were realized VIZ,

I Relisation Rs.5,000

II Realisation Rs.10,000

III Relisation Rs.18,000

Prepare the statement showing how the distribution should be made.
