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 - 2024
SEMESTER - II
23UBHCT2005 - Financial Accounting - II

Total Duration : 2 Hrs. 30 Mins. Total Marks : 60

Section B

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

1. X purchased machinery under hire purchase agreement from Y. The cash price of the machinery was Rs.15,500. The payment was to be made as follows:

Particulars	Rs.
On signing the agreement	3,000
First year end	5,000
Second year end	5,000
Third year end	5,000

Compute the interest for each year.

2. From the following information compute short workings, short workings recouped and short workings lapsed:
   Royalty : 50 paise per tonne of coal
   Minimum Rent : Rs.30,000 p.a.
   Output:
   1^{st} year : 10,000 tonnes
   2^{nd} year : 48,000 tonnes
   3^{rd} year : 80,000 tonnes

   Short workings are recoverable during the first three years of lease.

3. Interpret the different methods of recovery of short workings usually found in royalty agreements.

4. A and B are partners sharing profits and losses in the ratio of 5:3. They admit C as a partner.
   C acquires his share 4/20 from A and 2/20 from B. Find the new profit-sharing ratio and sacrificing ratio.

5. Explain the modes of dissolution.

6. B, C, D, and G are partners sharing profits in the ratio of 3:2:3:2. On the retirement of D, goodwill was valued at Rs.48,000. D's share of goodwill will be given to her by adjusting it into the capital accounts of B, C, and G. Show the journal entry for goodwill when the new profit-sharing ratio is 3:1:6.

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7. Ram, Rahim and Suresh share profits in the ratio of 3:2:1. On 31.12.94, their balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Machinery	25,000
General Reserve	3,000	Stock	11,000
Ram's Capital	20,000	Debtors	9,500
Rahim's Capital	15,000	Goodwill	13,000
Suresh's Capital	10,000	Cash	1,500
	60,000		60,000

On the above date, the firm was dissolved. The assets except cash realized Rs.60,000. The creditors were settled at Rs.11,500. Dissolution expenses amounted to Rs.800. Prepare necessary ledger Accounts.

8. Illustrate the role of IFRS.

Section C

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

9. On 1.1.90 National Transport Company purchased from Metro Motors 5 trucks costing Rs.40,000 each on the hire purchase system. It was agreed that Rs.50,000 should be paid immediately and the balance in 3 instalments of Rs.60,000 each at the end of each year. The metro motors charges interest at 10% per annum. The buyer depreciates trucks at 20% per annum on the diminishing balance method. The buyer paid cash down and 2 instalments but failed to pay the last instalments consequently, the metro motors repossessed 3 trucks leaving 2 trucks with the buyer and adjusting the value of 3 trucks against the amount due. The trucks repossessed were valued on the basis of 30% depreciation per annum on written down value. The trucks repossessed were sold by metro motors for Rs.60,000 after necessary repairs amounting to Rs.10,000. Prepare necessary ledger A/c's.

10. A and B are partners sharing profits in the ratio of 3:1. The balance sheet stood as under on 31.12.2010.

Liabilities	Rs.	Assets		Rs.
Capital Account		Stock		10,000
A - 30,000		Prepaid		1,000
B - 20,000	50,000	Debtors	8,000	
Salary Due	5,000	(-) Provision	500	7,500
Creditors	40,000	Cash		18,500
		Machinery		22,000
		Buildings		30,000
		Furniture		6,000
	95,000			95,000

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C is admitted as a new partner introducing a capital of 20,000 for his $1/4^{th}$ share in future profit. The following revaluations are made. Stock to be depreciated by 5%; Furniture to be depreciated by 10%; Building to be revalued at 45,000. The provision for doubtful debts should be increased to 1,000. Assess revaluation A/c and balance sheet after admission.

11. Enumerate the advantages and disadvantages of financial statements.

12. On 1^{st} January 1982, Rama Collieries Ltd., leased a piece of land agreeing to pay a minimum rent of Rs.2,000 in the first year, Rs.4,000 in the second year and thereafter Rs.6,000 per annum, merging into a royalty of 40 paise per tonne, with power to recoup short workings over the first three years only. The figures of annual output for the four years to 31^{st} December 1985 were 1,000; 10,000; 18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.

II - Compulsory question $(1 \times 10 = 10$ Marks)

13. A,B and C are partners in a firm sharing profits and losses in the ratio of 1/3:1/2:1/6
respectively.Their balance sheet as on 31.03.2016 was as follows.

Liabilities	Rs.	Assets	Rs.
Reserve fund	16,000	Buildings	50,000
Capital :		Machinery	40,000
A:30,000		Furniture	10,000
B:40,000		Stock	25,000
C:25,000 ——	95,000	Debtors: 18,000	
Loan payable	15,000	Less: Provision 500	17,500
Sundry Creditors	25,000	Cash	8,500
Total	1,51,000		1,51,000

'C' retires on 31.3.2016 subject to the following conditions:

(a) Goodwill of the firm is valued at 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.

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