18103062 (Pages : 4) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.) EXAMINATION, JUNE 2018

Second Semester

Core—FINANCIAL ACCOUNTING—II

(Common to Model I, II and III)

[2017 Admissions only]

Time : Three Hours Maximum : 80 Marks

Part A

Answer any **ten** *of the following.*
Each question carries 2 *marks.*

1. What is Cash Down Payment ?
2. What do you mean by loaded price ?
3. What is Asset Accrual Method ?
4. What is 'Debtors System" ?
5. How do you treat the goods sent by the head office to branch not received by the branch ?
6. How will you treat shortage in Stock and Debtors System ?
7. What is dual pricing ?
8. What is Realisation Account ?
9. What are the *two* important rulings given as per the decisions in Garner *vs* Murray ?
10. What is As 9 ?
11. What do you mean by level 1 enterprise ?
12. State any *four* features of branches.

(10 × 2 = 20 marks)

Part B

Answer any **six** *questions.*
Each question carries 5 *marks.*

13. Distinguish between Hire Purchase and Instalment Systems.
14. What are the bases or principles governing the allocation of common expenses in departmental accounts ?
15. Explain the procedure of settlement of accounts on dissolution of firms.
16. What are the benefits of Accounting Standards.

Turn over

17. From the following information find out the annual instalment and hire purchase price cash price of goods sold 10893 Number of annual instalments 3 Rate of interest charged 5 % p.a. Present value of an annuity at 5 % far 3 years—2.72325 :

18. Goods are invoiced to a newly opened branch by the Head Office at Rs. 19,200 so as to give 25 % profit on cost. From the following particulars, prepare Branch Account and find out the profit :

		Rs.
Credit sales	...	18,460
Cash received from debtors	...	12,860
Expenses paid by H.O.	...	2,000
Cash Sales	...	5,000
Stock at end (Invoice Price)	...	4,000

19. Mr. Krishna Moorthy sells two products manufactured in his own factory. The goods are manufactured in two Departments A and B for which separate sets of accounts are maintained. Some of the manufactured goods of Department A are used as rawmaterials by Department B and vice versa.

From the following particulars you are required to ascertain the total cost of goods manufactured in Departments A and B.

		Department A	*Department* B
Total Units Manufactured	...	10,00,000	5,00,000
Total cost of manufacture	...	10,000	5,000

Department A transferred 2,50,000 units to Department B and the latter transferred 1,00,000 units to the former.

20. The Bombay Textiles Ltd. opened a branch at Cochin. The following are the transaction between the Head Office and Branches for the year ended 31-03-2017 :

Goods sent to branches account	...	15,000
Cash sent to branch for expenses	...	6,000
Cash received from branch	...	24,000
Stock as on 31-03-2017	...	2,300
Petty Cash in hand	...	40

Prepare Cochin Branch Account.

21. A Company has two Departments A and B Department A Sells Goods to Department B at normal market price. From the following particulars prepare Departmental Trading and Profit and Loss Account for the year ended 31-03-2017.

		Department A	*Department* B	*General*
Opening stock	...	15,000	—	
Purchases	...	2,50,000	40,000	
Goods from A	...	—	40,000	
Wages	...	15,000	20,000	
Salaries	...	7,000	5,000	
Closing stock at cost to dep.	...	80,000	20,000	
Sales	...	2,60,000	1,45,000	
Printing and stationary	...	2,500	1,500	
Machinery	...	—	15,000	
Advertisements	...		—	12,000
Salaries (General)	...	—	—	18,000

Depreciate machinery by 10 %. The general unallocated expenses are to be allocated in the ratio of 2 : 1.

(6 × 5 = 30 marks)

Part C

Answer any **two** *questions.*
Each question carries 15 *marks.*

22. Raveendra Traders purchased a motor car from Nippon Toyota Ltd. as on 01-01-2015 on hire purchase system. The cash price of the motor car was 1,11,700. 30,000 was to be paid on signing the agreement and the balance is three equal instalments of 30,000 each. Interest at 5 % p.a. was charged by the vendor.

The purchases decided to write-off 10 % depreciation annually on the written down value method. The purchases could not pay the instalments due on 31-12-2016 and as a result of this the vendor took possession of the Motor Car and he estimated its value at 55,000 and spent 4,000 for repairing it. Later on this motor car was sold for 64,000.

Prepare the important ledger accounts in the books of both the parties.

23. A Head Office sends goods to its branches at cost plus 25 %. From the following particulars. Prepare branch Stock Account Branch Debtor Account Branch Adjustment Account and branch Profit and Loss Account.

		Rs.
Opening Stock at Branch at Invoice Price	...	5,000
Goods sent to Branch	...	20,000
Loss in transit at invoice Price	...	2,500
Theft invoice price	...	1,000
Normal Loss at Invoice Price Sales	...	500
Sales (Cash sale 20,500)	...	25,500
Expenses	...	8,000
Closing stock at branch at cost	...	6,000
Claim received from Insurance Company for Loss in transit by H.O.	...	2,000
Bad debt. written-off	...	200
Bill received during the year	...	2,000

24. A, B and C were partners in a firm sharing Profits and Losses in the ratios of 2 : 1 : 2. On 31-03-2017 they decided to disclosure the firm and their position was as follows :

Balance Sheet

Liabilities		Rs.	*Assets*		Rs.
Creditors	...	3,000	Cash in travel	...	5,000
A's Loan	...	2,000	Sundry Assets	...	20,000
Capital :					
A	...	10,000			
B	...	5,000			
C	...	5,000			
		25,000			25,000

The assets were realised as follows :—

1st	Realisation	01-05-2017	6,000
Final	Realisation	01-06-2017	9,000

Prepare a statement showing the distribution of cash using.

(a) Proportionate Capital Method.

(b) Maximum 200 Method.

25. State the reasons for the difference between the balances of branch account in the Head Office books and Head Office Accounts in the branch books. How will you reconcile the balances of the two accounts.

(2 × 15 = 30 marks)