QP CODE: 22103139

22103139

Reg No : .....

Name : .....

B.COM DEGREE (CBCS) REGULAR / IMPROVEMENT / REAPPEARANCE EXAMINATIONS, OCTOBER 2022

Second Semester

Core Course - CO2CRT04 - FINANCIAL ACCOUNTING II

(Common to all B.Com Degree Programmes)

For Regular Candidates: 2017 Admission Onwards

For Private Candidates : 2021 Admission Only

715A8D39

Time: 3 Hours

Max. Marks : 80

Instructions to Private candidates only: *This question paper contains* ***two sections****. Answer* ***SECTION I*** *questions in the answer-book provided.* ***SECTION II,*** *Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under* ***SECTION II***

SECTION I

Part A

Answer any ***ten*** *questions.*

Each question carries ***2*** *marks.*

1. Who is a Hirer?
2. Should depreciation to be charged on fixed assets purchased on hire purchase in the books of hire purchaser?
3. What is Interest Suspense Method?
4. State the reasons for preparing branch accounts.
5. What do you mean by abridged incorporation?
6. Which are the purely financial expenses charged to general profit and loss account under departmental accounting?
7. How would you allocateincome tax and interest on borrowed capital among different departments of departmental organisation?
8. What is realisation account?
9. What is Garner Vs Murray decision?
10. Name the two methods of piecemeal distribution.

11. What journal entry do you pass when exess capital is to be transferred to partner's current a/c?

12. What is AS 3?

(10×2=20)

Part B

*Answer any **six** questions.*

Each question carries 5 marks.

13. Explain the rights of hire vendor.

14. On 1.1.2015, Ramlal purchased a Machinery on hire purchase system. The payment was to be made ₹ 4,000 down (on signing the agreement) and ₹ 4,000 annually for three years. The cash price of the Machinery was ₹ 14,900 and the rate of interest was 5%. Calculate the interest included in each instalment.

15. Show what entries would be passed by the head office to record the following transaction in their books,

a)Goods amounting to Rs. 500 transferred from Kolkota branch to Kochi branch under the instruction of head office .

b)A remittance of Rs. 3,000 made by the Kochi branch to head office on 26th December and received by the head office on 4th January.

c)Goods worth Rs. 5,000 shipped by the head office to Agra Branch on 26th December and received by the latter on 15 th January. Assume that the yearly closing date was 31st December.

16. How profit can be ascertained under stock and debtors system?

17. Differentiate between branches and department.

18. The following balance as at 31.12.17 have been extracted from the books of a Company which has two departments.

Particulars	Dept A	Dept B
Opening stock	35,000	32,000
Purchases	2,40,000	2,02,000
Purchases return	5,000	3,000
Sales	6,43,000	5,04,000
Sales return	6,000	4,500
Wages	1,90,000	1,72,000
Miscellaneous charges	45,000	44,000
Salaries	20,000	18,000

General Expenses:	
Sundry debtors	1,92,000
Sundry Creditors	1,94,000
Plant and machinery	2,62,000
Buildings	1,42,000
Furniture and fittings	60,000
Office and selling expenses	1,38,000
Cash in hand	10,000
Cash at bank	1,22,000
Capital	6,50,000

Plant and machinery is to be depreciated at 10%, buildings by 2%, furniture and fittings by 5%.The stock in hand as on 31.12.17 : Department A – 36,000 ; Department B – 36,000.All unallocated expenditures are to be apportioned in the ratio of net sales of each department.

Prepare Trading and Profit and Loss Account of the business as on 31.12.2017.

19. Distinguish between dissolution of a partnership and dissolution of a firm.

20. A, B, and C are partners sharing profits and losses in the proportion of 1/2,1/3 and 1/6 . Below is their Balance Sheet as on 31/12/2018 when they decided to dissolve the firm.

Liabilities	Amount	Assets	Amount
Sundry Creditors	50,000	Land & Buildings	70,000
A's Loan	10,000	Plant & Machinery	40,000
Capital accounts:		Stock	25,000
A	50,000	Debtors	20,000
B	10,000	Cash	5,000
C	40,000		
	1,60,000		1,60,000

The partnership is dissolved and the assets are realized as follows:

First Realisation Rs.40,000; Second Realisation Rs.30,000; Third realization Rs. 54,000; Fourth Realisation Rs. 7,000.

Prepare a statement showing how the distribution should be made by following Proportionate Capital Method.

21. What are the objectives of Accounting standards?

(6×5=30)

Part C

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. X purchased a car from Y costing ₹ 1,50,000 on hire purchase system. Payment was to be made ₹ 30,000 down and remainder in 3 equal annual instalments together with interest at 5% p.a. X provides depreciation at 20% p.a. on diminishing balance basis. X paid the first instalment at the end of first year but could not pay the next. Y took possession of the car. He spends ₹ 5,800 on the car and sold it for ₹ 80,000. Show necessary ledger accounts in the books of both the parties.

23. Manian Ltd of Kolkata has a branch at Patna. Goods are invoiced to Patna Branch , the selling price being cost plus 25%.The Patna Branch keeps its own sales ledger and transmit all cash received to Kolkata . All expenses are paid from Kolkata from the following details prepare The Patna branch account for the year 2016:

Stock (1-1-2016)(invoice price)	1250	Credit sales for the year	3500
Stock (31-12-2016)(invoice price)	1500	Goods invoiced from Kolkata	9100
Debtors (1-1-2016)	700	Rent	400
Debtors (31-12-2016)	900	Wages	340
Cash sales for the year	5400	Sundry expenses	80

24. From the following balances prepare Departmental Trading and Profit and Loss account for the year ended 31.03.2018

Opening Stock		Sales:	
Dept A	2,50,000	Dept A	10,50,000
Dept B	3,50,000	Dept B	12,50,000
Purchases:		Salaries:	
Dept A	6,50,000	Dept A	90,000
Dept B	9,50,000	Dept B	1,00,000
Closing Stock:		Carriage Inwards:	
Dept A	3,00,000	Dept A	50,000
Dept B	3,30,000	Dept B	60,000
		General managers Salary	1,00,000

Additional Information:

1.Closing stock of Dept A includes goods taken from Dept B at a value of Rs.70,000 at a profit of 20% on invoice price

Closing stock of Dept B includes stock of the value of Rs.50,000 delivered by Dept A at a profit of 25% on cost.

2.During the year Dept A transferred goods of the value of Rs. 1,00,000 to Dept B and Dept B transferred goods of the value of Rs. 1,40,000 to Dept A.

3.The opening stocks are at cost price to the transferer Departments.

25. X, Y and Z are partners sharing profits and losses in the ratio of 4:2:3. Below is their Balance Sheet as on 31/12/2018 when they decided to dissolve the firm.

Liabilities	Amount	Assets	Amount
Sundry Creditors	9,000	Stock	19,400
Bills Payable	4,100	Sundry Debtors	31,000
Capital accounts:		Investment	24,000
Z	3,000	Bills Receivable	5,600
Y	46,000	Cash in hand	1,000
X	68,000	Bank	6,500
Loan from X	4,000	Buildings	45,000
Profit and loss	4,500	Machinery	15,000
Reserve Fund	12,600	Furniture	3,700
	1,51,200		1,51,200

The assets realized: Investments Rs. 20,400; Bills Receivable and Debtors Rs.28,200; Stock Rs.14,550; Furniture Rs. 2,050; Machinery Rs. 8,600; Buildings Rs. 26,400. All the liabilities were paid off. The cost of realization was Rs. Rs. 600. Z had become bankrupt and Rs. 1,024 only was recovered from his estate once and for all. Partners were finally paid off. Show Realisation Account, Capital Accounts of partners and Cash account when capitals are fluctuating.

(2×15=30)

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