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**D.K.M.COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE-1**

**SEMESTER EXAMINATIONS**

**APRIL - 2018 15CACO2A/CACO2A**

**ALLIED: ACCOUNTING FOR BUSINESS - II**

Time : 3 Hrs Max.Marks : 75

SECTION-A (10 x 2 =20)

**Answer ALL the questions.**

1. What do you mean by debtors system?
2. What is invoices price?
3. Explain the concept of hire purchase system.
4. What is repossession of goods?
5. Define Partnership
6. What is EDP?
7. What do you mean by inter department transfer?
8. What is mechanized accounting system?
9. What is Branch Accounting?
10. Define insolvency.

SECTION-B (5 x 5 =25)

**Answer any FIVE of the following questions.**

1. Distinguish between Hire-Purchase System and Installment System.
2. A Head Office in Mumbai sends to its branch at Chennai marked 20% above cost. Form the following particulars, show how the Branch A/C will appear in the Head Office Books:

Rs.

Stock on at the branch 1,800

Drs. On 1.4.03 at the branch 3,000

Petty cash 1.4.03 at the branch 30

Goods supplied to branch 30,000

Remittance from the branch

Cash sales 6,000

Money received from Drs. 21,000 27,000

Cheques Sent to Branch :

Salary 900

Rent and Taxes 150

Petty Cash 110 1,160

Stock at Branch on 31.3.04 3,000

Drs at branch on 31.3.04 20

1. What are the bases for allocation of expenses to different department of an organization?
2. A firm purchased a Machinery on 1.7.200 on hire Purchase System. It immediately paid Rs.10,000 as down payment and agreed to pay three more half yearly installments of Rs.8,200, Rs.7,440 and Rs.6,300. The firest installment was paid on 31.12.2000. the vendor charged interest at 10% per annum. Calculate cash price of the asset.
3. What are the differences between branch account and Departmental account?
4. A, B and C are partners sharing profits and losses 1/2 , 1/3 , and 1/6 respectively. It is laid down in their partnership agreement that a retiring partner’s share of goodwill is to be taken at 2 years purchase of the average profits of the last three years. B retires and profits of the last three years amounted to Rs. 21,200 , Rs. 16,400 and Rs. 23,600 respectively. Ascertain B’s share of goodwill and pass journal entry for the same, it being agreed between A and C that they continue to share in the same proportion as before.
5. Explain the importance of Mechanized Accounting system?
6. X purchases machinery under Hire purchase agreement. The cash price of the machinery Was Rs. 15500. The payment was to be made as follows

On signing the agreement Rs.3000

First year end 5000

Second year end 5000

Third year end 5000

Calculate interest for each year.

SECTION-C (3 x 10 =30)

**Answer ALL the questions.**

1. (a) Subramani & Co. of Chennai sends goods to branch at Karaikudi at cost plus 25%. All cash

received by the branch is remitted to the Head Office. All expenses are paid from Chennai.

From the following particulars, show how the branch account will appear in the books of H.O.

|  |  |
| --- | --- |
|  | Rs. |
| Stock on 1.1.199 (invoice price) | 12,500 |
| Stock on 31.12.1999 (invoice price) | 15,000 |
| Debtors on 1.1.1999 | 12,000 |
| Debtors on 31.12.1999 | 32,500 |
| Goods invoiced from Chennai | 60,900 |
| Remittance to Chennai : |  |
| Cash sales | 16,000 |
| Cash received from debtors | 29,500 |
| Goods returned to H.O. | 2,400 |
| Cheque received from Chennai : |  |
| Wages and salaries | 11,000 |
| Rent | 3,000 |
| Sundry expenses | 510 |

(Or)

(b) Ramesh, Sathish and Murali share profits in the ratio 3:2:1 on 1st January 2002. Their Balance

sheet was:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| Creditors | 12,000 | Machinery | 25,000 |
| General reserve | 3,000 | Stock | 11,000 |
| Capital: |  | Debtors | 9,500 |
| Ramesh | 20,000 | Goodwill | 13,000 |
| Sathish | 15,000 | Cash | 1,500 |
| Murali | 10,000 |  |  |
|  | 60,000 |  | 60,000 |

On the above date firm was dissolved. The assets realized for Rs. 50,000. The creditors

were settled at Rs. 11,500. Dissolution expenses Rs. 1000. Give the necessary journal entries

and ledged accounts.

1. (a) White and Mr. Blue are partners sharing profits in the ratio of . Their Balance sheet stood as

under on 31.12.2006.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | Rs. | Rs. | Assets | Rs. | Rs. |
| Capital : |  |  | Stock |  | 10,000 |
| Mr. White | 30,000 |  | Prepaid insurance |  | 1,000 |
| Mr. Blue | 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 |

Mr. Red is admitted as a new partner introducing a capital of Rs. 20,000 for his 1/4th share in future profit.

Following revaluations are to be made

* 1. Stock to be depreciated by 5%
  2. Building to be revalued at Rs. 45,000
  3. Furniture to be depreciated by 5%
  4. The provision for doubtful debts should be increased to Rs. 1,000.

Prepare necessary accounts and B/S after admission.

(Or)

(b) The following purchases were mode by a business house having three departments.

Dept. A – 1,000 units

Dept. B – 2,000 units at a total cost of Rs. 1,00,000

Dept. C – 2,400 units

Stocks on 1st January Were:

Dept. A –120 units

Dept. B – 80 units

Dept. C –152 units

Sales Were :

Dept. A – 1,020 units at Rs. 20 each

Dept. B – 1,920 units at Rs.22.50 each

Dept. C – 2,496 units at Rs. 25 each

The rate of gross profit is same in each case. Prepare Departmental Trading Account.

1. (a) Explain Advantage and Limitation Mechanized Accounting system.

(Or)

(b) 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 31.3.2006 was as follows.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | Rs | Rs | Assets | Rs | Rs |
| Reserve fund |  | 16,000 | Building |  | 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 |
|  |  | **1,51,000** |  |  | **1,51,000** |

C retires on 31.3.2006 subject to the following conditions:

1. Goodwill of the firm is valued at Rs 24,000
2. Machinery to be depreciated by 10%
3. Furniture to be depreciated by 5%
4. Stock to be appreciated by 15% and building to be appreciated by 10%
5. Reserve fund doubtful debts to be raised to Rs 2,000.

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