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

**SEMESTER EXAMINATIONS**

 **APRIL - 2018 15CCO2A / CCO2A**

**FINANCIAL ACCOUNTING - II**

**Time: 3 Hrs Max. Marks: 75**

**SECTION – A (10 X 2 =20)**

**Answer ALL the questions.**

1. Define Branch Accounting.
2. What is Debtors System?
3. What do you meant by Departmental accounting?
4. Write any Two Advantages of Departmental Accounting.
5. Define hire purchase System.
6. What are the types of Repossession?
7. P and Q are partners sharing profits in the ratio of 3:2. They admit R as a partner for 1/5th share in future profit. Calculate new ratio.
8. State the meaning for retirement of a partner.
9. Write a note on Dissolution of a firm.
10. What is insolvency of a Partner?

**SECTION – B (5 X 5 =25)**

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

1. The following information relates to Trichy Branch

|  |  |  |
| --- | --- | --- |
|  | **Rs.** | **Rs.** |
| Stock on 1.1.2014Branch Debtors on 1.1.2014Goods sent to Branch Cash sent to Branch for:Rent Salaries Petty CashSales at branch: Cash CreditCash received from DebtorsStock on 31.12.2014 | 1,5003,00050025,00039,000 | 11,2006,30051,0005,00064,00041,20013,600 |

Prepare Branch A/c for the year 2014

1. Explain the objectives of Branch Accounting.
2. The following purchases were made by a business house having three departments.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Dept.A | Dept.B | Dept.C |
| At total cost of  Rs.1,00,000Stocks on 1st January Sales | 1,000 units120 units1,020 units @Rs.20each | 1,000 units120 units1,020 units @Rs.20each | 1,000 units120 units1,020 units @Rs.20each |

The rate of gross profit is same in each case. Prepare Departmental trading account.

1. X purchased a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in four instalments of Rs.25,000 each plus interest. The cash price was to be paid was Rs. 1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Calculate interest for each year and the instalment amount.
2. Distinction between Hire purchase system and Instalment system.
3. R and S are partners who share of profits in 5:1. They agreed to admit T in to the partnership on 1.4.2011 for 1/3 share in profits. It was agreed that R and S would also share profits equally in future. T brought Rs.1,00,000 as goodwill. Show the necessary journal entries in the books of the firm.
4. Sunil, Deva and Ravi are equal partners in a firm and their Balance Sheet as on 31.12.2017. is given below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | Rs. | Assets | Rs. |
| Capitals: SunilDevaRaviReserveCreditors | 15,00012,00018,0004,50040,50090,000 | MachineryFurnitureDebtorsStock | 43,5001,50030,00015,00090,000 |

Ravi retired on 31.12.1017 and assets were revalued as under:

 Machinery Rs.51,000, Furniture Rs.1,200, Debtors Rs.28,500, Stock Rs.14,700. Goodwill of the firm is revalued at Rs.9,000 and Ravi’s share of goodwill is to be adjusted to continuing partners capital accounts. Prepare Revaluation A/c, Capital A/c and Balance sheet of the newly constituted firm.

1. P, Q and R share profits in proportion of ½, ¼ and ¼. On the date dissolution their balance sheet was as under.

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | Rs. | Assets | Rs. |
| P’s CapitalQ’s CapitalR’s Capital Creditors | 14,00010,00010,0006,00040,000 | Sundry Assets | 40,00040,000 |

 The assets realised Rs.35,500. Creditors were paid in full. Realization expenses amounted to Rs.1,500. Prepare the closing books of Realization A/c, Capital A/c and Bank A/c.

 **SECTION – C (3 X 10 =30)**

**Answer ALL the questions.**

1. a) A Mumbai Head office sent to goods to Chennai Branch at 25% profit over cost.

 From the following details, prepare the necessary ledger accounts in the books of

 head office under stock and Debtors system.

|  |  |
| --- | --- |
|  | **Rs.** |
| Opening stock of goods at branch at invoice priceGoods sent to branch at invoice priceLoss of goods in transit at invoice pricePilferage at branch at the cost of branchClosing stock at branch at its cost to branchSales at branchSalaries and wages at branchOther expenses at branch | 20,00090,0006,0001,20016,0001,05,0006,0003,000 |

Chennai branch received Rs.4,000 from the insurance company in settlement of the claim for the loss of goods in transit.

(Or)

 b) From the following information, prepare departmental trading and profit & Loss A/c in a columnar from of the three departments of Shiva Dry Cleaners Ltd.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Dry Cleaning Rs. | Darning Rs. | DyeingRs. |
| Stock 1.1.2016Stock 31.12.2016Purchases SalesWages | 4,00,0003,30,00019,59,00040,00,0007,28,000 | 3,40,0004,38,0006,97,00020,00,0003,00,000 | 9,40,0008,17,00013,73,00040,00,0002,46,000 |

 Goods were transferred from one department to another at cost price as follows:

1. Darning to Dry cleaning Rs.2,400 and to Dyeing Rs.40,200.
2. Dyeing to dry cleaning Rs.25,800 and Darning Rs.18,000
3. Dry cleaning to Darning Rs.3,000 and to Dyeing Rs.18,000.

Apportion Equally:

Stationery Rs.5,418

Postage Rs.4,050

General Expenses Rs.2,37,618

Insurance Rs.10,080

Depreciation Rs.32,598

 Rent & taxes Rs.1,80,000 is to be spilt in proportion to space occupied, i.e., Dry cleaning 4, Darning 2, Dyeing 2 and other space 2.

1. a) Mahesh purchased a machine on hire purchase system on 1st January 2013. The terms of payment are four annual instalments of Rs.12,690 at the end of each year. Interest is charged @5% and is included in the annual payment of Rs.12,690.

Show machinery account and hire vendor account in the books of Mahesh who defaulted in the payment of the third yearly payment whereupon the vendor repossessed the machinery. Mahesh provides depreciation on the machinery @10% p.a., on the reducing balance.

(Or)

b) Suman, Pream and Raj were equal partners. There balance sheet as on 1.1.2011 was as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | Rs. | **Assets** | Rs. |
| Capitals: Suman Pream RajCreditorsBills payable | 43,40033,20018,0006,60012,0001,13,200 | BuildingFurnitureGoodwillStockDebtorscash | 39,0004,80023,80022,80021,6001,2001,13,200 |

 On the above mentioned date, they agreed to take Kasi as an equal partner on the following

 terms.

1. Kasi should bring in Rs.30,000 as his capital and Goodwill. His share of Goodwill was evaluated

 at Rs.10,000.

1. The Goodwill account in balance sheet is to be written off before admission.
2. The value of building was to be taken at Rs.60,000.
3. The provision for loss on stock 10% and Provision for debtors 5% was to be made.
4. The total capital of the new firm was fixed at Rs.80,000 each partner’s accounts, to be in the

 profit sharing ratio any excess is to be transferred to current account or Deficit to be introduced in

 cash.

 You are required to prepare Revaluation account, Capital accounts and balance sheet of the new firm.

1. a) Describe the Modes of Dissolution of a firm.

(Or)

 b) P,Q and R partners in a firm. They share of profits and losses equally. Their balance sheet on 31st

 December 2012 as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | Rs. | Assets | Rs. |
| P’s CapitalR’s CapitalReserve FundCreditors | 16,00012,00018,00064,0001,10,000 | MachineryFurnitureDebtorsCash at BankQ’s Capital | 40,00016,00040,0008,0006,0001,10,000 |

The partnership is dissolved due to insolvency of Q who is unable to contribute anything in the payment of his dept to the firm. Machinery realised Rs.30,000 and furniture Rs.6,400. Only Rs.24,000 was recovered from debtors. Creditors were paid at a discount of 5%. Prepare the necessary accounts in the books of the firm when the capital are fluctuating. Apply Garner Vs Murray Rule.

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