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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 1.1.2014  Branch Debtors on 1.1.2014  Goods sent to Branch  Cash sent to Branch for:  Rent  Salaries  Petty Cash  Sales at branch:  Cash  Credit  Cash received from Debtors  Stock on 31.12.2014 | 1,500  3,000  500  25,000  39,000 | 11,200  6,300  51,000  5,000  64,000  41,200  13,600 |

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.1,00,000  Stocks on 1st January  Sales | 1,000 units  120 units  1,020 units @Rs.20each | 1,000 units  120 units  1,020 units  @Rs.20each | 1,000 units  120 units  1,020 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:  Sunil  Deva  Ravi  Reserve  Creditors | 15,000  12,000  18,000  4,500  40,500  90,000 | Machinery  Furniture  Debtors  Stock | 43,500  1,500  30,000  15,000  90,000 |

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 Capital  Q’s Capital  R’s Capital  Creditors | 14,000  10,000  10,000  6,000  40,000 | Sundry Assets | 40,000  40,000 |

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 price  Goods sent to branch at invoice price  Loss of goods in transit at invoice price  Pilferage at branch at the cost of branch  Closing stock at branch at its cost to branch  Sales at branch  Salaries and wages at branch  Other expenses at branch | 20,000  90,000  6,000  1,200  16,000  1,05,000  6,000  3,000 |

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. | Dyeing  Rs. |
| Stock 1.1.2016  Stock 31.12.2016  Purchases  Sales  Wages | 4,00,000  3,30,000  19,59,000  40,00,000  7,28,000 | 3,40,000  4,38,000  6,97,000  20,00,000  3,00,000 | 9,40,000  8,17,000  13,73,000  40,00,000  2,46,000 |

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  Raj  Creditors  Bills payable | 43,400  33,200  18,000  6,600  12,000  1,13,200 | Building  Furniture  Goodwill  Stock  Debtors  cash | 39,000  4,800  23,800  22,800  21,600  1,200  1,13,200 |

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 Capital  R’s Capital  Reserve Fund  Creditors | 16,000  12,000  18,000  64,000  1,10,000 | Machinery  Furniture  Debtors  Cash at Bank  Q’s Capital | 40,000  16,000  40,000  8,000  6,000  1,10,000 |

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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