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**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS),  
VELLORE – 1  
SEMESTER EXAMINATIONS  
APRIL - 2018**

**15CCO2A / CCO2A**

**FINANCIAL ACCOUNTING - II**

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**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 mean 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  $\frac{1}{5}$ <sup>th</sup> 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.**

11. The following information relates to Trichy Branch

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

Prepare Branch A/c for the year 2014

12. Explain the objectives of Branch Accounting.

13. 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	1,000 units	1,000 units	1,000 units
Stocks on 1 <sup>st</sup> January	120 units	120 units	120 units
Sales	1,020 units @Rs.20each	1,020 units @Rs.20each	1,020 units @Rs.20each

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

14. 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.

15. Distinction between Hire purchase system and Instalment system.

16. 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.

17. Sunil, Deva and Ravi are equal partners in a firm and their Balance Sheet as on 31.12.2017. is given below:

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capitals:		Machinery	43,500
Sunil	15,000	Furniture	1,500
Deva	12,000	Debtors	30,000
Ravi	18,000	Stock	15,000
Reserve	4,500		
Creditors	40,500		
	<u>90,000</u>		<u>90,000</u>

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.

18. P, Q and R share profits in proportion of  $\frac{1}{2}$ ,  $\frac{1}{4}$  and  $\frac{1}{4}$ . On the date dissolution their balance sheet was as under.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
P's Capital	14,000	Sundry Assets	40,000
Q's Capital	10,000		
R's Capital	10,000		
Creditors	6,000		
	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.**

19. 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.

	<b>Rs.</b>
Opening stock of goods at branch at invoice price	20,000
Goods sent to branch at invoice price	90,000
	6,000
	1,200

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

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 form of the three departments of Shiva Dry Cleaners Ltd.

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

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

- i) Darning to Dry cleaning Rs.2,400 and to Dyeing Rs.40,200.
- ii) Dyeing to dry cleaning Rs.25,800 and Darning Rs.18,000
- iii) 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 split in proportion to space occupied, i.e., Dry cleaning 4, Darning 2, Dyeing 2 and other space 2.

20. a) Mahesh purchased a machine on hire purchase system on 1<sup>st</sup> 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. Their balance sheet as on 1.1.2011 was as follows.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capitals:		Building	39,000
Suman	43,400	Furniture	4,800
Pream	33,200	Goodwill	23,800
Raj	18,000	Stock	22,800
Creditors	6,600	Debtors	21,600
Bills payable	12,000	cash	1,200
	<u>1,13,200</u>		<u>1,13,200</u>

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

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

at Rs.10,000.

b) The Goodwill account in balance sheet is to be written off before admission.

c) The value of building was to be taken at Rs.60,000.

d) The provision for loss on stock 10% and Provision for debtors 5% was to be made.

e) 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.

21. 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 31<sup>st</sup>

December 2012 as follows.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
P's Capital	16,000	Machinery	40,000
R's Capital	12,000	Furniture	16,000
Reserve Fund	18,000	Debtors	40,000
Creditors	64,000	Cash at Bank	8,000
		Q's Capital	6,000
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	1,10,000		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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