

**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), V**  
**SEMESTER EXAMINATIONS**  
**APRIL – 2016**  
***FINANCIAL ACCOUNTING - II***

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**Time: 3 Hrs**

**SECTION – A (10 X 2 =20)**

**Answer ALL the questions.**

1. Write short note on independent branch?
2. State the rule for allocation of expenses between departments?
3. What do you mean by departmental accounting?
4. When does partial repossession under taken?
5. Write short note on hire purchases trading account?
6. What is capital ratio?
7. Define the term goodwill?
8. What is memorandum revaluation account?
9. Distinguish between sacrificing ratio and gaining ratio?
10. Write short note on Garner Vs. Murray case?

**SECTION – B (5 X 5 =25)**

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

11. Distinguish between departmental accounting and branch accounting?
12. What do you mean by retirement of partner? What are the accounting adjustments of retirement of a partner?
13. How is goodwill treated at the time of admission of a partner?
14. A head office in Mumbai has a branch office at Chennai. Goods are sent at  
From the following particulars prepare Branch Stock Account, Branch Debtors Account and Branch Adjustment Account.

	Rs.
Stock on 1.1.99(invoice price)	15,000
Debtors on 1.1.99	11,400

15. Sunder Ltd. carries on its business through five department A B C D & E. the figures for the year ending 31-12-2005 were ascertained:

	A	B	C	D
Opening Stock	10,000	6,000	15,000	8,000
Purchase	1,00,000	60,000	20,000	52,000
Sales	96,000	62,000	19,000	46,000
Closing Stock	23,000	80,000	6,000	2,000

Prepare Trading Account.

16. X & Co. Agreed to purchase wagons on hire - purchase system for Rs.4,60,000. The wagons were acquired on 1<sup>st</sup> July, 2001 and the balance was to be paid by instalments of Rs.800 plus interest at 5% p.a. Depreciation charged by X & Co. is 10% p.a. on straight line method. Accounts are closed on 30<sup>th</sup> June each year.

Prepare ledger account to record the above transactions in the books of the firm.

17. Following is the balance sheet of Active and Sharp who shared profits and losses in the ratio of 3 : 2.

Liabilities	Rs.	Assets
Active's Capital	30,000	Goodwill
Sharp's Capital	25,000	Sundry assets
Sundry Creditors	10,000	Cash
	65,000	

Blunt was admitted as partner on the date of balance sheet. The new ratio of profits and losses will be 5 : 3 : 2. Blunt pays Rs.20,000 as capital but nothing for goodwill. The goodwill is valued on basis of 2 years purchase of 3 years profit. The profits for 3 years were Rs.14,000. Blunt's share of goodwill is to be adjusted through capital account. Prepare balance sheet after giving journal entries and ledger accounts relating to Blunt's admission.

D died on 14.03.1995. Under the terms of partnership deed the executors of D are entitled to:

- a) Amount standing to the credit of partner's capital A/c.
- b) Interest on capital balance at 5% P.a
- c) Share of goodwill on the basis of twice the average of the past three years profit
- d) Share of profit from the closing of the last financial year to the date of death on the average of the three completed years profit before the death.

Profit for 1992.1993 and 1994 were respectively Rs.12,000, Rs.14,000 and Rs.16,000 and shared in the ratio of capital.

Pass the necessary journal entries and draw up D's a/c to be rendered to his partners.

### **SECTION – C (3 X 10 =30)**

**Answer ALL the questions.**

19. a) A Bangalore head office sent goods to Mumbai Branch at 25% profit over invoice price. In the following details, prepare the necessary ledger account in the books of head office and Mumbai branch on double entry system.

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

Mumbai branch received Rs.4,000 from the insurance company in settlement of goods in transit.

(Or)

- b) A firm had two departments cloth and garments, cloth and garments. The goods sold by the firm itself out of cloth supplied by the cloth department at its usual selling price. The following figures prepare departmental trading and profit and loss account for the year ended 31.12.2018.

The stock in the garments dept. may be considered as consisting of 60 expenses. the cloth dept. earned gross profit at the rate of 20% in 2001 business as a whole amounted to Rs.1,00,000.

20. a) Bring out the basis of allocation of expense between various departments

(Or)

b) X Ltd purchase a piece of machinery on 1<sup>st</sup> January 2000 on the hire purchase price of the machinery was 14,900. Terms of payment were Rs.4,000 per month, first payment to be made on 30<sup>th</sup> June,2000. Rate of interest was 6% p.a. depreciation on diminishing Balance method and closed its books on 31.12.2000. X Ltd not pay the instalment due on 30<sup>th</sup> June,2001 and therefore the hire vendor retained the machinery. Give Machinery and Hire Vendor's accounts in the books of X Ltd. All figures to be made to the nearest rupees.

21. a) A and B were partners sharing profit in the ratio of 3 : 2, on 01.07.2000. Give the balance sheet under.

Liabilities	Rs.	Assets
Sundry creditors	20,000	Stock
Capital A/c		Debtors
A	5,000	Furniture
B	3,000	Cash
	28,000	

The firm was dissolved on the above date. the assets realized only Rs. 10,000. Rs.500, A's private estate could pay only Rs.1,000, B had no surplus. Give the balance sheet showing the relevant ledger accounts.

(Or)

b) Following is the balance sheet of M/s A, B, and C who share profits and losses in the ratio of 2 : 2:1.

Liabilities	Rs.	Assets
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