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

**JUNE - 2022**

**21CAC02A**

**ACCOUNTING FOR BUSINESS – II**

**Time : 3 Hrs**

**Max.Marks : 75**

**SECTION-A (10 x 2 = 20)**

**Answer ALL the questions.**

1. Define Branch Accounting.
2. Enumerate different kind of Branches.
3. What do you understand by Departmental Accounts?
4. What is Dissolution of partnership firm?
5. How do you find Instalment Price?
6. What is Sacrificing Ratio?
7. What do you understand by Admission of a new partner?
8. Define Partnership.
9. Who is an Insolvent Partner?
10. What is Repossession?

**SECTION-B (5 x 5 = 25)**

**Answer ALL the questions.**

11. (a) R.N. Swamy & Co have opened a branch at Neyveli. The following is a list of Transactions between the head office and the branch for the year ending June 30, 2020.

|   |        |
|---|--------|
| Stock at branch on 31 <sup>st</sup> July 2019       | 3,000  |
| Goods supplied to branch during the year            | 48,000 |
| Salaries  | 2,400  |
| Rent  | 720    |
| Telephone   | 200    |
| Petty Expenses                                      | 300    |
| Remittance received from the branch during the year | 55,000 |
| Stock on 30 <sup>th</sup> June 2020                 | 2,500  |
| Balance of Petty Cash                               | 20     |

All the branch expenses are paid by head office. Show the branch account in H. O Books.

(Or)

- (b) Distinguish between Branch Accounts and Departmental Accounts.

12. (a) From the following details, prepare departmental trading Accounts.

|                  | Department A | Department B |
|------------------|--------------|--------------|
| Opening Stock    | 9,000        | 8,400        |
| Total Purchases  | 27,000       | 21,600       |
| Total Sales      | 42,000       | 36,000       |
| Closing Stock    | 10,800       | 4,800        |
| Credit Purchases | 17,000       | 10,600       |
| Credit Sales     | 5,000        | 6,000        |

(Or)

(b) Describe the bases on which common expenses are apportioned among departments.

13. (a) Mr. X purchased a cycle on hire purchase for Rs. 1,000 to be paid as follows

|                               |         |
|-------------------------------|---------|
| On signing the agreement      | Rs. 120 |
| At the end of the first year  | Rs. 170 |
| At the end of the second year | Rs. 160 |
| At the end of the last year   | Rs. 550 |

The vendor charged interest at 10% p.a on the cash value remaining unpaid each year.

Calculated the cash value of the cycle.

(Or)

(b) K.A.S Transport Ltd. Purchased from Delhi Motors 3 Truck costing Rs. 50,000 each hire purchase system. Payment was to be made Rs. 30,000 down and the remaining in the three equal instalments together with interest at 9%. Calculate interest for the each year.

14. (a) Sri devi and Hari were partners sharing profit and loss in the ratio of 3 : 2 . They decided to admit Jothi into partnership and revalue their assets and liabilities as indicated here under

- (i) To bring into record investment of Rs. 18,000 which had not so far been recorded in the books of the firm
- (ii) To depreciate stock, furniture and machinery by Rs. 18,000, Rs. 6,000, and Rs. 30,000 respectively

To provide workmen's compensation of Rs. 24,000. Prepare Revaluation of Account.

(Or)

(b) What is goodwill? How it is treated at the time of Admission of a new partner?

15. (a) From the following information calculate the value of goodwill at 3 years purchase of super profit.

- (i) Average Capital Employed in the business Rs. 6,00,000
- (ii) Net Trading Profits of the firm for the past three years were Rs. 1,07,600 Rs. 90,700, Rs. 1,12,500
- (iii) Rate of Interest expected from capital having regard to the risk involved is 12%  
Fair remuneration to the partners for their services Rs. 12,000 p.a

(Or)

(b) A and B share profits in the ratio of 3 : 2. Z joins the firm with  $\frac{1}{4}$  th share . Find out Sacrificing ratio and the new profit sharing ratio.

**SECTION-C (3 x 10 = 30)**

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

16. Mr. Kutty purchased 4 cars for Rs. 14,000 each on 1-1-2020 under hire purchase system. The hire purchase price for all the 4 cars was Rs. 60,000 to be paid as Rs. 15,000 down payment and 3 equal instalments of Rs. 15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% on straight line method.

From the above particulars give journal entries and relevant accounts in the books of Mr. Kutty and in the books of hire vendor.

17. A and B are partners in a firm. They share profits and losses in the ratio of 3: 1. Their Balance sheet is follows:

| Liabilities   | Rs.      | Assets    | Rs.      |
|---------------|----------|-----------|----------|
| Capital A     | 80,000   | Buildings | 1,00,000 |
| B             | 40,000   | Plant     | 25,000   |
| Reserve       | 40,000   | Stock     | 40,000   |
| Creditors     | 60,000   | Debtors   | 70,000   |
| Bills Payable | 20,000   | Cash      | 5,000    |
| Total         | 2,40,000 | Total     | 2,40,000 |

C is admitted into partnership for  $\frac{1}{5}$ <sup>th</sup> share of the business on the following terms:

- (i) Building is revalued at Rs.1,20,000
- (ii) Plant is depreciated to 80%
- (iii) Provision for bad debts is made at 5%.
- (iv) Stock is revalued at Rs.30,000.
- (v) C should introduce 50% of the adjusted capitals of both A and B. Open various accounts and the new Balance sheet after the admission of C.

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

| Liabilities | Rs.    | Assets        | Rs.    |
|-------------|--------|---------------|--------|
| Creditors   | 14,000 | Sundry Assets | 40,000 |
| P's Capital | 10,000 |               |        |
| Q's Capital | 10,000 |               |        |
| R's Capital | 6,000  |               |        |
|             | 40,000 |               | 40,000 |

The assets realized Rs.35,500. Creditors were paid in full. Realisation expenses amounted to Rs.1,500. Close the books of the firm.

19. Enumerate different modes of dissolution of a firm.

20. Show what entries would be passed by the Head Office to record the following their books.

- (i) Goods costing Rs. 5,000 transferred from Madurai branch to Madras branch.
- (ii) Depreciation of Rs. 200 in respect of Madras Branch fixed assets when such accounts are kept in Head office.
- (iii) Goods of Rs. 1,000 sent by Head office to Madras Branch on 25<sup>th</sup> December 1993 and received by the branch on 11<sup>th</sup> January 1994. Accounts are closed on 31 – 12 – 1993
- (iv) Travelling Allowances Rs. 150 paid by Madras Branch to a head office Manager
- (v) Head office paid Rs. 1,000 for Madurai branch expenses.

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