TB162930C **Reg. No: ....**

Name: ....

BMS (C.B.C.S.S.) EXAMINATION, MARCH 2017
(2016 Admission – Regular & 2015 Admission – Supplementary/Improvement)
SEMESTER II - CORE COURSE (INTERNATIONAL BUSINESS)
CO2C03TB - ACCOUNTING – II

Time: Three Hours **Maximum Marks: 80**

PART A

I Answer all questions. Each question carries 1 mark.

1. What do you mean by a proforma invoice?
2. Who are parties involved in a consignment?
3. What is cash price and who is a hirer?
4. What is the journal entry when a partner brings in capital?
5. What is a joint life policy?
6. What do you mean by sacrificing ratio?

(6x1=6)

PART B

II Answer any seven questions. Each question carries 2 marks.

7. What do you mean by account sale?
8. What is delcredere commission?
9. What is net cash price?
10. Explain hire purchase charges?
11. What do you mean by fluctuating capital accounts?
12. What are the characteristics of partnership?
13. Differentiate contribution and purchase of shares.
14. In the absence of any other agreement between partners what will be the profit sharing ratio of existing partners at the time of retirement?
15. What are the rights of an outgoing partner?
16. What are the methods of ascertainment of share of profit of a deceased partner?

(7x2=14)

PART C

III Answer any five questions. Each question carries 6 marks

17. What are the factors affecting valuation of goodwill?
18. A consigns 200 transistors to B at a cost of 800. A incurred the following expenses:

Freight	1000
Insurance	400
Carriage	500

B incurred the following expenses:

Customs duty	2000
Dock dues	500
Godown rent	250
Salary to salesman	150

At the end of the year 50 transistors remained unsold. The market value of each transistor is 850. You are required to calculate the value of stock lying with B.

19. A and B are partners in a business. During the course of 2009 A withdrew 12, 000 and B withdrew 6, 000 out of the business for personal use. Interest on drawings to be charged at 10% p.a. you are required to calculate the interest on drawings presuming:
    a) Drawings were made in the middle of each month.

20. A colliery company purchases a machine on the hire purchase system over a period of five years payable by annual instalments of Rs10, 000. The vendor charges interest @10 p.a. on annual balances. The cash value of the machinery may be taken as the present value of the annuity of Rs 10, 000 for five years at 10% interest. Reference to the annuity table shows that the present value of the annuity of rupee 1 for five years at 10% p.a. is Rs 3.791. you are required to calculate the cash price and the amount of interest included in each instalment.

21. What are the journal entries to be passed in the books of hire vendor in case of default and repossession?

22. Shyam, Ram and Gokul are partners sharing profits in the ratio of 2:2:1. shyam retires and he sells his share in the business for a sum of Rs9000. Rs 6000 is paid by Ram and Rs 3000 by Gokul. The profit for the year after A's retirement amounts to 15,000. You are required to give the necessary journal entries.
23. What are the rights of an outgoing partner?

24. What are the journal entries to be passed in the books of a firm at the time of retirement of a partner if goodwill account is not appearing in the books?

(5x6=30)

PART D

IV Answer any two questions. Each question carries 15 marks

25. Following is the balance sheet of C and C who are sharing profits in the ratio of 3:2.

Liabilities	Rs	Assets	Rs
Sundry Creditors	10, 000	Cash	5, 000
Capitals:		Sundry Debtors	10, 000
A	20, 000	Buildings	20, 000
B	10, 000	Plant	5,000
	40, 000		40, 000

C is admitted as a partner with effect from 1st January 2010, the new profit sharing ratio being 2:2:1. The following information has been given to you:
a) C will bring in Rs 10, 000 as capital.
b) The value of the firm's goodwill is Rs5, 000.
c) An amount of Rs 2,000 owning to D for purchase of goods has been omitted from the list of sundry creditors.
d) Building is to be revaluated at Rs 30, 000 and plant at Rs 7, 000.
You are required to pass necessary journal entries and prepare the Balance Sheet of the new firm when assets and liabilities are to be shown in the books at the revised value.

26. On 1st January 2009, five trucks were purchased by A on the hire purchase system. The cash price of each truck is Rs55,000. The payment was to be made as follows:
10% of the cash price down.
25% of cash price at the end of each of the four subsequent half years.
The payment due on 31st December, 2009 could not be made. You are required to prepare the necessary ledger accounts in the books if the vendor allows A to keep three trucks on the condition that the value of the other two trucks would be adjusted against the amount due. The trucks being valued at cost less 25% depreciation. The vendor spends Rs6000 on thoroughly overhauling the trucks and sells them for Rs95,000.A charges depreciation at 15% p a on original cost and closes his books on 30th June each year.

27. Ajoy, bijoy and sanjoy were partners sharing profit and losses in the ratio of 5:3:2 respectively .they had taken out a joint life policy of the face value of Rs.200000. on 30th December 2010, its surrender value was Rs.40000. on this date the balance sheet of the firm stood as follows.

Liabilities	amount		Asset	amount
Sundry creditors Expenses outstanding Reserve Capitals: Ajoy -200000 Bijoy -100000 Sanjoy-80000	53000 7000 30000 380000		Fixed assets Stock Book debts Cash at bank	250000 110000 90000 20000
	470000			470000

On that date Bijoy decided to retire and for that purpose:

A) Goodwill was valued at Rs.150000
B) Fixed assets were valued at Rs.300000
C) Stock was considered as worth rs.10000

Bijoy was to be paid in cash bought in by Ajay and Sanjoy in such a way so as to make their capitals proportionate to their new profit sharing ratio which was to be 3:2 respectively. Goodwill was to be passed through books without raising a goodwill account. The joint life policy was also not to appear in the balance sheet. Prepare the capital accounts and resultant balance sheet.

28. The following figures were extracted from the books of V & co. a partnership firm having partners Mr. A and Mr. B who were sharing profits and losses in equal ratio as on 31st March, 2011.

particulars	debit	Credit
Mr. A's capital account		46, 000
Mr. B's capital account		26, 000
Mr. A's drawings account	9000	
Mr. B's drawings account	7000	
Gross profit		33, 600
Salaries	15, 000	
Rent, rates and taxes	4000	
Other overheads	4000	
Discount received		400
Fixed assets	65, 000	
Current assets	2, 000	
	1, 06, 000	1, 06, 000

The partnership deed provides that:

a) Interest at 5% per annum is to be allowed on capitals, but no interest is to be charged on drawings (from 1.1.2011 to 31.12.2011).
b) On the death of a partner the surviving partner shall pay out the interest of the deceased partner.
c) The deceased partner shall be entitled to his share of goodwill of the firm calculated at two and half years purchase of the average profits of the preceding three years profit to the date of death of a partner.
   Assets are to be taken at their book value on the date of death.
   Mr. A died on 31st March, 2011.

(2x15=30)