TB172930D **Reg. No:............................**

Name:...............................

BMS DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2018
(2017 Admission Regular, 2016 Admission Improvement/Supplementary &
2015 Admission Supplementary)
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 account sale?
2. What is overriding commission?
3. What is a hire purchase contract?
4. Define partnership deed.
5. What is a joint life policy?
6. What do you mean by gaining ratio?

(6 x 1 = 6)

PART B

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

7. Draw up an account sale with imaginary figures?
8. What is delcredere commission? Give an example.
9. What is net cash pric?
10. Explain hire purchase charges?
11. What do you mean by fluctuating capital accounts?
12. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. They admit a new partner C with $1/5^{th}$ share in the profits calculate the new profit sharing ratio of the partners.
13. Differentiate contribution and purchase of shares.
14. Differentiate instalment not yet due and instalment due but unpaid.
15. What are the journal entries to be recorded at the time of revaluation of assets and liabilities?
16. How is share of profits of a deceased partner ascertained in sales basis?

(7 x 2=14)

PART C

III. Answer any five questions. Each question carries 6 marks

17. What are the factors affecting valuation of goodwill?
18. How is profit calculated in time basis and sales basis during death of a partner?
19. What are the journal entries to be passed in the books on revaluation of assets and liabilities?

20. XYZ Co. Sent on consignment account goods to ABC Co. at an invoice price of 29675 and paid for freight 762, cartage 232 and insurance 700. Half the goods were sold by agents for 17500 subject to a commission of 875, storage expenses of 200 and other selling expenses of 350. One fourth of the consignment was lost by fire and a claim of 5000 was recovered. The consignor received a two months bill of exchange from the agents in satisfaction of the dues. Draw up necessary accounts and ascertain the profit or loss made on consignment.
21. A, B and C are partners sharing profits in the ratio of 2:2:1. C retires from the firm and on this date the value of the firms goodwill was determined at Rs 10, 000.
    You are required to pass journal entries for each of the following cases:
    a) When goodwill account is to be raised in the books
    b) When the goodwill account raised is subsequently written off.
    c) When only C's share is to be recorded.
22. Rajesh purchased seven trucks on hire purchase on 1st July 2010. The cash purchase price of each truck was Rs.50000. He was to pay 20% of the cash purchase price at the time of delivery and the balance in five- half yearly instalments starting from the year from 31-12-2010 with interest at 5% per annum. On Rajesh's failure to pay the instalment due on 30th June 2011 it was agreed that Rajesh would return 3 trucks to the vendor and remaining 4 could be retained by him. The returning price of 3 trucks was Rs.30500. Rajesh charges depreciation at 20% per annum.
    Vendor after spending 1000 on repairs sold away all the 3 trucks for 40000. Show trucks account and vendors account in the books of Rajesh and Rajesh account and goods repossessed account in the books of the vendor assuming that their books are closed on June 30th every year.
23. What is the accounting treatment for good of small sales value in hire purchase accounts?
24. A, B and C are partners sharing profits and losses in the ratio of 3:2:1. The firm has taken a joint life insurance policy on the life of partners with effect from 1st January 2009. The annual premium is Rs 2000. On 31st December C dies and the full amount is received. The firm has charged the premium to profit and loss account each year on 31st December. You are required to make necessary journal entries.

(5 x 6= 30)

PART D

IV. Answer any two questions. Each question carries 15 marks

25. A and B started a partnership business on 1st January, 2009 with capitals of Rs 15, 000 and Rs10, 000 respectively. On 30th June 2009, A introduced a further capital of Rs 5, 000. Drawing during the year amounted to Rs 3, 000 and Rs 2, 000 respectively. Interest on capital is to be allowed at 5% p.a. No interest is to be charged on drawings. B is to be allowed a salary of Rs 5,00 p.m. The profit for the year before charging salary and interest amounted to Rs 20, 000.
    You are required to prepare the accounts of the partners presuming:
    a) Capitals to be fixed, and
    b) Capitals to be fluctuating.

26. The balance sheet of Sridhar and Ghanshyam as on 31st December, 2011 is set out

Liabilities	Amount	Assets	Amount
Sridhar's Capital	60,000	Freehold Property	20, 000
Ghanshyam's Capital	30, 000	Furniture	6, 000
General Reserve	24, 000	Stock	12, 000
Creditors	16, 000	Debtors	80, 000
		Cash	12, 000
	1, 30, 000		1, 30, 000

below. They share profits and losses in the ratio of 2:1.

They agree to admit Prem into the firm subject to the following terms and conditions:

a) Prem will bring in Rs21, 000 of which Rs9, 000 will be treated as his share of goodwill to be retained in the business.
b) 50% of the general reserve is to remain as a provision for bad and doubtful debts.
c) Depreciation is to be provided on furniture at the rate of 5%.
d) Stock is to be revalued at Rs10, 500.

Draft the journal entries giving effect to the aforesaid arrangements (including cash transactions) and prepare the opening balance sheet of the new partnership.

27. P, R and M are partners in a firm sharing profits and losses in the ratio 3:2:1. On 1st April, R retired and on that date the balance sheet of the firm was as under:

Liabilities	Amount	Assets	Amount
Capital Accounts:		Land and Building	2, 50,000
P	3, 40,000	Plant and	3,00,000
R	2, 20, 000	Machinery	50,000
M	1, 90, 000	Investments	1,80,000
Sundry Creditors	1, 60, 000	Stock	20,000
Bills Payable	50, 000	Bills Receivable	1,00,000
		Sundry Debtors	1, 00,000
		Cash at bank	60, 000
	9,60,000		9,60,000

a) P and M decided to share future profits and losses in the ratio of 5/8 and 3/8 respectively.

b) The goodwill of the firm was valued at two years purchase on the average profits of last three years. The profits of the last years were as under:

2009-2010	profit	Rs2, 48, 000
2008-2009	loss	Rs36, 000
2007-2008	profit	Rs1, 48, 000

It was decided that R's share of goodwill be adjusted in the capital accounts of P and M. (No goodwill account is to be raised.)

c) Stock and land and building is to be depreciated by 10% and plant and machinery to be increased by 10%.

d) 5% is to be provided for doubtful debts on sundry debtors and provision is to be made for Rs12000 for outstanding legal expenses.

e) The amount due to R was transferred to his loan account.

Pass the necessary journal entries. Prepare profit and loss adjustment account , partner's capital accounts and balance sheet of the firm after retirement of R.

28. 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 seizes all the trucks, spends Rs15000 on their repairs and sells two of them for Rs95000.
A charges depreciation at 15% p.a. on original cost and closes his books on 30th June each year.

(2 x 15 = 30)