

TB242564Q

Reg. No : .....

Name : .....

**BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, MARCH 2024**

**2023 ADMISSIONS REGULAR**

**SEMESTER II - B. Com**

**CO2C04B23 - Financial Accounting II**

**Time : 3 Hours**

**Maximum Marks : 80**

**Part A**

**I. Answer any Ten questions. Each question carries 2 marks**

**(10x2=20)**

1. Explain the Rights of Hire Vendor.
2. Explain the instance where 'work back method' is used in hire purchase.
3. Explain default and repossession in hire purchase.
4. Explain briefly the 'Stock and Debtors System'.
5. Discuss the purpose of starting Branches.
6. Explain departmental accounting.
7. Give a brief description of apportionment of income under departmental accounts.
8. Briefly describe Realisation Account.
9. Mention the order of payment on dissolution of firm .
10. Explain the treatment of loan from a partner under dissolution.
11. Explain the term 'inventory' as per AS-2.
12. Briefly explain AS - 10.

**Part B**

**II. Answer any Six questions. Each question carries 5 marks**

**(6x5=30)**

13. Explain default and repossession in hire purchase along with the types of repossession.
14. On 1.1.2015, Sangeeth purchased a machinery on hire purchase system. As per the terms, he is required to pay Rs 8,000 down, Rs 4,300 at the end of the first year, Rs 4,000 at the end of the second year and Rs 7,700 at the end of the third year. Interest is charged at 10% per annum. Calculate the total cash price of the machinery and the amount of interest payable on each instalment.
15. Explain the features of Dependent branches.
16. A Head Office sends goods to its branch at cost plus 25%. From the following particulars, prepare Branch Stock A/c, Branch Debtors A/c, Branch Adjustment A/c and Branch Profit and Loss A/c.

Opening stock at Branch at Invoice price	5,000
Goods sent to branch	20,000
Loss in transit at Invoice price	2,500
Theft invoice price	1,000
Normal loss at invoice price sales	500
Sales (cash sales Rs 20,500)	25,000
Expenses	8,000
Closing stock at branch at cost	6,000
Claim received from insurance company for loss-in-transit by HO	2,000
Bad debts written off	200
Bill received during the year	2,000

17. Distinguish between branches and departments.



18. A business is having three departments, The following are its particulars:

PARTICULARS	PURCHASES	OPENING STOCK	CLOSING STOCK
Department A	1500 units	200 units	100 units
Department B	1000 units	300 units	160 units
Department C	2000 units	150 units	200 units

Additional Information:

- Purchases were made at a total cost of Rs.92000
- The percentage of gross profit on turnover is the same in each case
- Purchases and Sales price are constant for last 2 years
- Selling price per unit :A - Rs.20, B -Rs 25, C - Rs.30

Prepare Departmental Trading Account.

19. Explain dissolution and different types of dissolution of partnership firms.
20. Following is the Balance Sheet of X and Y as on 31st December 2017, who were sharing profits and losses in the ration 3:1:

Liability	Amount	Asset	Amount
Creditors	27,520	Cash	20,000
Mrs X's Loan	4,000	Bank	560
Y's Loan	6,000	Debtors	2,400
Investment fluctuation fund	2,000	Stock	4,000
Workmen's Accident Compensation fund	4,000	Investment	12,400
Capital: X	3,200	Plant and machinery	4,000
Y	800	Goodwill	3,000
		Patents	1,160
	47,520		47,520

The partners decided to dissolve the business as on 31.12.2017 for the following purposes:

- Y agreed to take over the investments at an agreed value of Rs. 10,000.

- The other assets realised as follows:

Stock Rs. 3,500

Debtors Rs. 7,400 (inculding bad debts recovered Rs. 5,000)

Plant and Machinery Rs. 7,000

- Realisation expenses were Rs. 2,500

- The creditors agreed to accept Rs. 25,000 in full settlement of their claim.

- Goodwill and patents were taken over by X at book values.

- One of the workers meet with an accident and Rs. 3000 were payable for his treatment.

Prepare Realisation Account, partners Capital Account, Partner's Loan Account and Cash (Bank) Account.

21. Explain the Objectives of Accounting Standard.

### Part C

### III. Answer any Two questions. Each question carries 15 marks

22. On 1.1.2015, Pooja bought 2 photocopying machines costing Rs 4,00,000 each from Preethi Associates under hire purchase system. Pooja paid Rs 2,00,000 immediately and the balance in three annual instalments of Rs 2,00,000 each together with interest at 20% p.a. Pooja paid the first two instalments but could not pay the last. As a result of this, one machine was repossessed for Rs 1,40,000 by adjusting its value against the amount due. Pooja provided depreciation at 20% p.a. under diminishing balance method. Preethi Associates sold the repossessed machine for Rs 1,60,000 after spending Rs 8,000 for repairs.



(2x15=30)

Prepare important ledger accounts in the books of Pooja.

23. The following is the Trial Balance prepared by Mysore branch as on 31/12/2017

**TRIAL BALANCE**

	Dr.	Cr.
Sales		2,40,000
Purchases	1,20,000	
Goods received from Head Office	70,000	
Goods returned to Head Office		30,000
Carriage inwards	6,000	
Salary	7,500	
Rent & rates	9,500	
Sundry Debtors	35,000	
Opening Stock	12,000	
Insurance	2,000	
Discount allowed	2,000	
Discount received		3,000
Sundry Creditors		18,000
Furniture	15,000	
Cash at bank	8,000	
Cash in hand	13,000	
Head Office a/c		9,000
	3,00,000	3,00,000

Branch a/c in Head Office books showed a debit balance of Rs 12,500. The closing stock was valued at Rs 17,000. Depreciate furniture by 20%; salary outstanding Rs 300; and insurance prepaid Rs 150. It was found that goods costing Rs 2,200 sent by the Head Office on 27<sup>th</sup> Dec. 2017 have been received by the branch only on 4<sup>th</sup> Jan. 2018.

Prepare Branch Trading and Profit and Loss a/c for the year ended 31/12/2017. Also show the Branch a/c in Head Office books.

24. Explain Dissolution of partnership firms and the various accounts prepared to close the books of a partnership firm along with their proforma.

25. Asha, Manisha and Nisha were partners sharing profit and losses in the ratio 1/2, 1/3 and 1/6. Balance sheet as on the date of dissolution of the firm was as follows:

Liabilities	Amount	Assets	Amount
Capital:		Goodwill	10,000
Asha	20,000	Land and Buildings	30,000
Manisha	15,000	Plant and Machinery	15,000
Nisha	20,000	Stock	20,000
Profit and Loss account	12,000	Joint Life Policy	10,000
Provision for taxes	10,000	Debtors	17,200
Creditors	20,000	Cash at bank	2,800
Mortgage Loan	8,000		
	1,05,000		1,05,000

On dissolution, Land and buildings and Plant and Machinery realised 20% more than their book values. Rs.



15,700 is collected from debtors in full settlement. Manisha took over stock at Rs. 17,000. Goodwill realised Rs. 4,000. Joint Life Policy is surrendered for Rs. 8,500. Creditors are paid off at a discount of 10%. The firm has unrecorded investments which realized Rs 4,000. There was a liability on repair bill outstanding Rs. 1,500. Actual liability on taxation amounted to Rs. 4,000. Realisation expenses amounted to Rs. 1,500. Prepare Realisation Account, Capital Account, Bank Account.

