

BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, MARCH 2025
2018, 2019, 2020, 2021, 2022 ADMISSIONS SUPPLEMENTARY
SEMESTER II - CORE COURSE (COMMERCE)
CO2B04B18 - Financial Accounting II

Time : 3 Hours

Maximum Marks : 80

Part A**I. Answer any Ten questions. Each question carries 2 marks****(10x2=20)**

1. Describe any 2 features of hire purchase.
2. When does a hire purchaser get the 'possession' and 'ownership' of goods in a hire purchase agreement?
3. Explain the instance where 'work back method' is used in hire purchase.
4. What do you mean by Loaded Price?
5. Explain the features of Independent branches.
6. Explain Departmental Trading account.
7. Write a note on provision for unrealised profit on stock.
8. List out any two circumstances on dissolution by the order of the Court.
9. Give a brief description on deficiency account.
10. Explain the term 'Dissolution of firm'.
11. Explain AS - 9.
12. Define Accounting Standard.

Part B**II. Answer any Six questions. Each question carries 5 marks****(6x5=30)**

13. Distinguish between Hire Purchase and Instalment System.
14. From the following information, ascertain the cash value of the goods sold on hire purchase system:

	Rs.
Cash down payment	7,000
At the end of the first year	7,800
At the end of the second year	7,200
At the end of the third year	6,600
Interest charged by the hire vendor	10% p.a

15. Discuss about Detailed Incorporation and Abridged Incorporation.
16. Mahisha Ayurveda, Trivandrum has a branch at Ayoor to which goods are sent at cost. The branch is authorised to sell goods for cash only. All expenses at branch are paid by Head Office and all amount collected from sales are daily deposited in the bank account opened in the name of Head Office. From the following particulars prepare Branch Account as well as goods sent to Branch Account for the year 2014.

Stock at branch on 01.01.2014	11,000
Petty cash at branch on 01.01.14	300
Furniture at branch on 01.01.14	6,000
Goods sent to branch during 2014	1,40,000
Sent to branch by cheque for Salary 8,000	13,500

Rent and rates 3,500	
Insurance 500	
Petty expenses 1,500	
Goods returned by branch	3,000
Furniture purchased for branch on 1st July 2014	8,000
Cash sales during 2014	1,75,000
Stock at branch on 31.12.2014	17,000

Petty cash is maintained under imprest system. Depreciation is charged on furniture @ 20% per annum.

17. Explain the objectives of departmental accounting.

18. Janatha Store is having 3 departments- X, Y, and Z. The information regarding three departments for the year ended 31-03-2017 are given below:

PARTICULARS	X (RS)	Y (RS)	Z (RS)
Opening Stock	36000	24000	20000
Purchases	132000	88000	44000
Debtors at the end	15000	10000	10000
Sales	180000	135000	90000
Closing stock	45000	17500	21000
Value of furniture	20000	20000	10000
Floor Space(sq.ft)	3000	2500	2000
Number of employees	25	20	15
Electricity consumed(units)	300	200	100

The balances of other revenue items in the books of the year are given below:

PARTICULARS	RS
Carriage inwards	3000
Carriage outwards	2700
Salaries	48000
Advertisements	2700
Discount allowed	2250
Discount received	1800
Rent, Rates and taxes	7500
Depreciation on furniture	1000
Electricity expenses	3000
Labour welfare expenses	2400

Prepare Departmental Trading and Profit and loss account for the year ended 31st March 2017, after providing provision for bad debts at 5%.

19. Explain the gradual realisation and piecemeal distribution.

20. On 31st March, 2016 the firm of Manu, Raj and Vikram sharing profits and losses in the ratio 3:2:1 had the following assets and liabilities.

Balance Sheet as on 31st March 2016

LIABILITIES	RS	ASSETS	RS
Bank Overdraft	7000	Cash	10500
Creditors	22000	Debtors	20500

Provident fund	6000	less Provision for Bad debt <u>500</u>	20000
Manu's loan	5000	Stock	18500
Mrs. Vikram's loan	4000	Investments	12000
Accident compensation fund	9000	Patent Rights	8000
Capital :			
Manu	12000	Goodwill	4000
Raj	8000		
Vikram	6000		
		Profit & loss account	6000
	79000		79000

The firm is dissolved. Debtors and stock realised Rs.17500 and Rs.16500 respectively. Patent right and Goodwill are found valueless. Manu discharged Bank overdraft and Vikram agreed to discharge Mrs. Vikram's loan. Creditors are paid Rs.19000 in full settlement. Realisation expenses amounted to Rs.4500 and is paid by Raj. Liability on Accident Compensation had to be paid Rs.3000. Prepare important ledger accounts.

21. Explain the Objectives of Accounting Standard.

Part C

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

(2x15=30)

22. Bharath Gas Company purchased a machinery on hire purchase system on 1.7.2014. The cash price of the machinery was Rs 75,000. The company agreed to pay Rs 15,000 down on signing the agreement and the balance in four half-yearly instalments of Rs 15,000 each plus interest at 12% p.a. on the unpaid balance. The purchasing company has decided to write off depreciation at 20% p.a. on fixed instalment method. Give the important ledger accounts in the books of Bharath Gas Company assuming that the books are closed on 31st December each year.

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
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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 27th Dec. 2017 have been received by the branch only on 4th 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 the steps in dissolution process of partnership firm.

25. Manu, Kiran and Tom were partners sharing profits and losses in the ratio 2:2:1. Their Balance Sheet on 31st December 2016, the date of dissolution was as follows:

LIABILITIES	RS	ASSETS	RS
Capitals: Manu	24000	Cash at bank	1000
Kiran	16000		
Tom	2000		
Reserves	5000	Fixed Assets	55000
Creditors	38000	Stock & Debtors	10000
		Bills receivable	4000
		Profit & Loss Account	15000
	85000		85000

Fixed assets realised Rs.40000, Stock and Debtors realised Rs.5000 and Creditors are paid Rs.3000 less. Manu took over the Bills Receivable at Rs.4000 itself. The firm has a liability of Rs.2000 on legal charges due. The realisation expenses amounted to Rs.3000. Tom is insolvent and his estate paid only 50% of the amount due. Close the accounts applying principles laid down in Garner Vs. Murray.