

FINANCIAL ACCOUNTING - II

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 2 = 20)

Write short notes

- 1 From the following data calculate capital at the beginning of the year:

Capital at the end of the year	Rs. 70,000
Drawing during the year	Rs. 10,000
Capital introduced during the year	Rs. 5,000
Profit made during the year	Rs. 20,000
- 2 State any two salient features of single entry system.
- 3 When the ownership is transferred under hire purchase?
- 4 What is partial re-possession? •
- 5 What do you mean by royalty?
- 6 What is shortworking?
- 7 State any two practical uses of average due date.
- 8 What is red ink interest?
- 9 What is a report?
- 10 What is stock summary?

SECTION - B (25 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 5 = 25)

- 11 a From the following information calculate credit purchases and total purchases:

	Rs.
Cash purchases	29,000
Opening balance of bills payable	7,500
Opening balance of creditors	<b>20,000</b>
Closing balance of bills payable	2,500
Closing balance of creditors	18,000
Cash paid to creditors	25,000
Cash paid to bills payable in the relevant year	10,500
Purchase returns	1,500
Allowance from creditors	800
Bills payable dishonoured	300

OR

- b What are the demerits of single entry system of book-keeping?
- 12 a Rakesh purchased a motor car on hire purchase system. The total cash price of the car is Rs. 15,980 payable Rs. 4,000 down and three instalments of Rs .6,000, Rs. 5000 and Rs. 2,000 payable at the end of first, second and third years respectively. Interest is charged at 5% p.a.

12cont....

You are required to prepare motor car A/c and Hire vendor's A/c in the books of the purchaser. Rate of depreciation is 10% on straight line method calculations are to be made to the nearest rupee.

OR

b Anand purchased a machine under hire purchase system. According to the terms of the agreement of Rs. 40,000 was to be paid on signing of the contract and the balance to be paid in four annual instalments of Rs. 25,000 each plus interest. The cash price was Rs. 1,40,000. interest is chargeable on outstanding balance at 20% p.a. Calculate interest for each year and the instalment amount.

13 a A Acquired the right to manufacture and sell locks form B on 1.1.1995. A has to pay a royalty of Rs. 5 for each lock with a minimum annual payment of Rs. 50,000. Amounts are to be settled on 31<sup>st</sup> December.

The number of locks sold was follows:

Year	1995	1996	1997	1998
Number of locks	8,000	9,000	11,000	18,000

Prepare minimum rent A/c and royalty A/c in the books of A assuming that shortworkings cannot be recouped.

OR

b Explain : (I) Dead Rent (II) Recoupment of shortworkings.

14 a From the following transactions in the books of anand, preparae an account current to be sent by anand to basu for the quarter ending 31<sup>st</sup> march 2011 charging interest at 12% per annum.

		Rs.
January 1	Balance in Basu's account (debit)	3,000
January 14	Sold goods to Basu	5,000
February 11	Gash received from Basu	4,000
February 17	Sold goods to Basu	3,000
February 19	Received a bill of exchange from Basu one month after date	5,000

OR

b Ramesh drew upon Vinod several bills of exchanges due for payment on different dates as under:

Date of the Bill	Amount (Rs.)	Tenure of the bill
1 <sup>st</sup> June	1,200	3 Months
19 <sup>th</sup> June	1,600	2 Months
10 <sup>th</sup> July	2,000	3 Months
27 <sup>th</sup> July	1,500	3 Months
7 <sup>th</sup> August	1,800	1 Months
15 <sup>th</sup> August	2,400	2 Months

Find out average due date on which payment may be made in one single amount.

15 a Write any ten short keys used in Tally.

OR

b How to create a new company in Tally?

SECTION - C (30 Marks)

Answer any THREE Questions  
ALL Questions Carry EQUAL Marks (3 x 10 = 30)

A commenced business on 1<sup>st</sup> January, 2005 with a capital of Rs. 25,000. He immediately bought furniture for Rs.6,000. During the year he borrowed Rs. 15,000 from his wife and introduced further capital of his own amounting to Rs. 9,500. He had withdrawn Rs.900 at the end of each month for family expenses. On 31<sup>st</sup> December 2005, his position was as follows :

	Rs
Cash in hand	600
Cash at bank	7,800
Sundry debtors	14,400
Stock	20,400
Bills receivable	4,800
Sundry creditors	1,500
Owing for rent	450
Furniture and fixture to be depreciated by 10%	
Ascertain the profit or loss made by A for 2005.	

Kumar purchased 2 machines costing Rs. 80,000 each from Peter on 1-1-1994 on hire-purchase system. The terms were as follows:

Payment on delivery Rs. 20,000 for each machine, remainder in 3 equal instalments together with interest at 10% p.a . to be paid at the end of each year.

Kumar writes- off 25% depreciation each year on the diminishing balance method. Kumar paid the instalments due on 31-12-1994 and on 31-12-1995 but could not pay the final instalment.

Peter re-possessed one machine on 31-12-1996 adjusting its value against the amount due. The re-possessiOn was done on the basis of 30% depreciation on the diminishing balance method, assuming that the balance, still lying due, will be paid off next year in 1997.

Write up ledger accounts in the books of Kumar showing the above transactions up to 31-12-1996.

Dharwar Coal Co. acquired on lease a coal mine on a royalty of paise 50 per ton of coal brought on the surface with a minimum rent of Rs.56,000 a year with no right to recover shortworking except in case of strike.

10% of the coal taken out from the mine is lost in weight in bringing the coal on the surface.

The output was as follows:

1 <sup>st</sup> Year	20,000 tons
2 <sup>nd</sup> Year	80,000 tons
3 <sup>rd</sup> Year	1,20,000 tons
4 <sup>th</sup> Year	1,70,000 tons
5 <sup>th</sup> Year	80,000 tons

In the fifth year, there was a strike. Show the minimum rent account, royalty account and shortworkings account for the five years.

19 On January 1, 1995, X owed Rs. 5,000 to Y on account. During the three months ' ended March 31,1995, the transactions were as follows in the books of Y.

Date	Particulars	Amount (Rs.)
January 10	Received 2 bills for 2 months and 3 months respectively from X (Rs. 2000 each)	4,000
January 20	Met a bill for 2 months (due this day) drawn by X on November 17, 1994	1,000
February 9	Paid cash to X	1,000
February 19	Received from X	1,000
March 1	Sold goods to X	1,000
March 13	X's acceptance due this day dishonoured	1,000

Prepare account current to be rendered to X on March 31, interest to be reckoned at 9% p.a.

20 Briefly explain the various types of accounting vouchers.

Z-Z-Z

END