

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2022
(Second Semester)

Branch – COMMERCE (BUSINESS ANALYTICS)

FINANCIAL ACCOUNTING - II

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1) Hire purchase price includes
 - i) Cash price and interest
 - ii) Cash price + Down payment
 - iii) Down payment + Interest
 - iv) None of the above
- 2) The profit earned on sale of investments is transferred to
 - i) Principal column
 - ii) Nominal column
 - iii) Interest column
 - iv) None of the above
- 3) Fire insurance provides cover for
 - i) Tangible assets
 - ii) Intangible assets
 - iii) Fictitious assets
 - iv) Current assets
- 4) The profit or loss on revaluation of assets at the time of admission must be transferred to the partners in the
 - i) Capital ratio
 - ii) Old profit sharing ratio
 - iii) New profit sharing ratio
 - iv) Sacrificing ratio
- 5) Ordinary shares are also called as
 - i) Equity shares
 - ii) Founder's shares
 - iii) Deferred shares
 - iv) Preference shares

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6) a) Mr. K purchases a car on hire purchase system. The total cash price of the car is ₹15,980, payable ₹ 4000 down and in three instalments of ₹6,000 , ₹ 5,000 , ₹ 2,000 at the end of first, second and third years respectively. Interest is charged at 5% per annum. You are required to calculate interest paid by hirer, each year.

(OR)

- b) An asset is purchased under hire purchase agreement which provides for five half-yearly instalments of ₹ 6,000 each, the first instalment being due on July 1, 1981. Assuming the applicable rate of return is 10% per annum. Calculate the cash value of the machine.

Cont...

- 7) a) The Kanpur Shoe Company opened a branch at Delhi in 1988. From the following particulars prepare Delhi Branch A/c for the year 1988.

Goods sent to branch	15,000
Cash sent to branch for expenses.	6,000
Cash received from the branch.	24,000
Stock on 31.12.88	2,300
Petty cash in hand	40

(OR)

- b) From the following details, prepare Departmental Trading Accounts.

Particulars	Department A ₹	Department B ₹
Opening stock	9,000	8,400
Total purchases	27,000	21,600
Total sales	42,000	36,000
Closing stock	10,800	4,800
Credit purchases	17,000	10,600
Credit sales	5,000	6,000

- 8) a) Mr. X bought 10% Government bonds of ₹ 1,000 each at ₹ 960 on 1.5.97. Interest is payable on 30th June and 31st December each year. Give Journal entries to record the purchase in the books of Mr. X

- i. If the purchase price is Ex-interest ii) If the purchase price is Cum-interest

(OR)

- b) A fire occurred in the premises of a merchant on 15.6.2018 and a considerable part of the stock was destroyed. The value of stock saved was ₹ 4,500. The books disclosed that on 1.4.2018, the stock was valued at ₹ 36,750. The purchases to the date of the fire amounted to ₹ 1,04,940 and the sales ₹ 1,56,500. On investigation it was found that during the past 5 years the average gross profit on the sales was 36%. Calculate the claim to be made.

- 9) a) A, B, C were sharing profits in the ratio of 4 : 3 : 2. D was admitted on 1st Jan with 1/3 interest in the business. Calculate the New ratio and Sacrificing ratio. What will be the New ratio and Sacrificing ratio if D takes 1/5 in the profits of the business.

(OR)

- b) P, Q, R and S are partners in the firm sharing profits in the ratio of 2 : 1 : 2 : 1. On the retirement of R, the firm's goodwill was valued at ₹ 45,000. P, Q and S decided to share the future profits equally. Pass Journal Entries for Goodwill.

- 10) a) Explain the following:

- | | |
|-------------------------|-------------------------|
| i) Equity Shares | (ii) Preference shares |
| (iii) Debentures | (iv) Pro-rata allotment |
| (iv) Capital redemption | |

(OR)

- b) XY Co Ltd, issued ₹ 50,000 equity shares of 10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass Journal entries in the books of company when,

- Shares are issued at par
- Shares are issued at a premium of 10%
- Shares are issued at a discount of 10%.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11) a) On 1.1.93 X company purchased a car from Y company. At the time of agreement a sum of ₹ 24,000 was paid out of cash down price of the car and the balance would be payable in 3 equal instalments with interest at 5% per annum. The amount of last instalment including interest was ₹ 33,600. Depreciation was to be provided at 10% per annum on the reducing balances. Prepare
- Motor car account
 - Y account in the books of X company.

(OR)

- b) A Machine costing ₹ 50,000 was purchased on hire purchase basis. ₹ 10,000 was paid on signing the agreement and the balance in four instalments of ₹ 10,000 each annually with interest at 5%. Calculate interest and show the amount payable on each instalment.

- 12) a) A Ltd of Coimbatore has a branch at Pollachi. Goods are invoiced to the Pollachi branch, the selling price being cost plus 25%.

The Pollachi branch keeps its own sales ledger and transmits all cash received to Coimbatore. All expenses are paid from Coimbatore. From the following details prepare the Pollachi branch A/c for the year 1989.

Stock (1.1.89) (invoice price)	1,250
Stock (31.12.89) (invoice paper)	1,500
Debtors (1.1.89)	700
Debtors (31.12.89)	900
Cash sales for the year	5,400
Credit sales for the year	3,500
Goods invoiced from Coimbatore	9,100
Rent	400
Wages	340
Sundry expenses	80

(OR)

- b) You are given the following particulars of a business having three departments.

	Purchases	Opening Stock	Closing Stock
Dept. A	1,500 Units	200 Units	100 Units
Dept. B	1,000 Units	300 Units	160 Units
Dept. C	2,000 Units	150 Units	200 Units

Additional Information:

- Purchases were made at a total cost of ₹ 92,000
- The percentage of gross profit on turnover is the same in each year.
- Purchase and sale prices are constant for the last 2 years.
- Selling price per unit:

Dept. A = ₹ 20

Dept. B = ₹ 25

Dept. C = ₹ 30

You are required to prepare Departmental Trading Account.

Cont...

- 13) a) Mr. M furnishes the following details relating to his holding in 6% Government bonds:

Opening balance (face value ₹ 1,20,000) cost ₹ 1,18,000

1.3.2015 200 units purchased Ex-interest ₹ 98

1.7.2015 Sold 400 units Ex-interest out of the original holding at ₹ 100

1.10.2015 Purchased 100 units at ₹ 98

1.11.2015 Sold 400 units Ex-interest at ₹ 99 out of original holding.

Interest dates are 30th September and 31st March. Mr. M closes his books every 31st December. Show the investment account as it would appear in his books

(OR)

- b) A fire occurred in the business premises of Mr. D on 15.10.89. From the following particulars ascertain the loss of stock and prepare a claim for insurance.

Stock on 1.1.88	30,600
Purchases during 1988	1,22,000
Sales during 1988	1,80,000
Stock as on 31.12.88	27,000
Purchases from 1.1.89	
To 14.10.89	1,47,000
Sales from 1.1.89 to	
14.10.89	1,50,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs. 18,000.

The amount of policy was ₹ 63,000. There was an average claim in the policy.

- 14) a) A, B, C are partners sharing profits and losses in the ratio of 2 : 2 : 1. Their Balance sheet as on 31.3.2014 was as follows.

Liabilities	₹	Assets	₹
Creditors	12,850	Cash	1,100
Outstanding liabilities	1,500	Sundry debtors	5,500
General reserve	6,500	Stock	11,750
Capital:		Furniture	6,500
A	12,000	Land & Building	25,000
B	12,000		
C	5,000		
	<u>49,850</u>		<u>49,850</u>

The partners have agreed to take D as a partner with effect from 1.4.14. On the following terms:

- D brings ₹ 5,000 towards his capital for 1/5th of profit.
 - Value of goodwill will be fixed at ₹ 15,000 but D cannot bring any cash for goodwill.
 - Value of stock should be increased by ₹ 2,500
 - Provision for bad debts should be provided at 10% of the debtors.
 - Furniture to be depreciated by 10%.
 - Value of Land & Building should be increased by 20%.
- Prepare Revaluation account, Capital account of partners and Balance sheet of the new firm.

(OR)

Cont...

- b) A, B, C are partners in a business sharing profits and losses in the ratio of 3 : 2 : 1. Their Balance Sheet on 30.8.2021 was as follows:

Liabilities	₹	Assets	₹
Sundry creditors	1600	Cash in hand	600
Reserve fund		Cash at bank	1,000
Capitals:	6,000	Sundry debtors	9,000
A		Stock in trade	7,000
B	10,000	Machinery	6,000
C	10,000	Factory and building	14,000
	10,000		
	<u>37,600</u>		<u>37,600</u>

On that date C retires from business. It is agreed to adjust the value of assets as follows:

- i) To make a provision of 5% on sundry debtors for doubtful debts.
- ii) To depreciate Stock by 5% and Machinery by 10%
- iii) Factory building to be revalued at ₹ 15,700.

Show the Revaluation account, Partners capital account and Balance sheet of the new firm.

- 15 a) G India Ltd. had 9,000 10% redeemable Preference Shares of ₹ 10 each, fully paid up. The company decided to redeem these preference shares at par by the issue of sufficient number of equity shares of ₹ 10 each fully paid up at a discount of 10%. You are required to pass necessary Journal Entries including cash transactions in the books of the company.

(OR)

- b) Kavitha Ltd purchased the business Of Radha Ltd for ₹ 54,00,000 payable in fully paid up shares of ₹ 100 each. What entries will be made in the books of Kavitha Ltd, if such issue is

- i. At Par
- ii. At Premium 20%
- iii. At Discount 10%

Z-Z-Z

END