

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2019
(Second Semester)

Branch - **COMMERCE (BUSINESS ANALYTICS)**

FINANCIAL ACCOUNTING - II

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 x 1 = 10)

- 1 The amount paid at the time of entering the hire purchase transaction for the goods purchased is known as

(i) Cash price	(ii) Down payment
(iii) First instalment	(iv) Last instalment
- 2 The ownership of goods purchased under hire purchase is transferred only when

(i) Down payment is paid	(ii) Outstanding balance is paid in full
(iii) Cash price is paid	(iv) First installment is paid
- 3 Under debtors method, the opening balance of debtors is debited to which account

(i) Branch account	(ii) Debtors account
(iii) Head office account	(iv) Goods sent to branch account
- 4 Selling commission expenses is apportioned among departments in the proportion of

(i) Average stock carried by each department	(ii) Number of units sold by each department
(iii) Sales of each department	(iv) Profits of each department
- 5 Which one of the following is not the fixed income bearing securities

(i) Debentures	(ii) Govt bonds
(iii) Equity shares	(iv) Corporate bonds
- 6 Goods costing Rs. 1,00,000 were insured for Rs. 50,000. Out of these goods, $\frac{3}{4}$ were destroyed by fire. The amount of claim with average clause will be

(i) Rs. 37,500	(ii) Rs. 50,000	(iii) Rs. 75,000	(iv) Rs. 25,000
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- 7 The surrender of shares by old partners is made in certain ratio. This ratio is known as

(i) Sacrificing ratio	(ii) Gaining ratio
(iii) Old ratio	(iv) New profit sharing ratio
- 8 At the time of retirement of a partner, the reserves and accumulated profits are transferred to

(i) All partners	(ii) Continuing partners
(iii) Retiring partner	(iv) None of the above
- 9 The balance in shares forfeiture a/c after the forfeited shares were reissued should be transferred to

(i) General reserve A/c	(ii) Securities premium A/c
(iii) Capital reserve A/c	(iv) None of the above
- 10 Redemption of preference shares can be made

(i) Out of fresh issue of shares	(ii) Out of non-specific reserve
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SECTION - B (35 Marks)Answer **ALL** Questions**ALL** Questions Carry **EQUAL** Marks (5 x 7 = 35)

- 11 a Differentiate the hire purchase from installment system.

OR

- b Sunder sells goods on hire purchase system at cost plus 60%. From the following prepare hire-purchase trading account.

Jan 1	Goods out on H.P system at H.P price	Rs. 32,000
Dec 31	Instalment not due and unpaid	Rs. 72,000
	Instalment due and unpaid	Rs. 4,000

The following transaction took place during the year

- Goods sold on H.P price - Rs. 1,60,000
- Cash received from customers at H.P price - Rs. 1,12,000
- Goods received back on default valued at Rs. 800
(Instalment due Rs. 4,000).

- 12 a From the following particulars prepare a branch account showing the profit or loss at the branch.

Opening stock at the Branch	Rs. 15,000
Goods sent to the Branch	Rs. 45,000
Sales	Rs. 60,000
Salaries	Rs. 5,000
Other expenses	Rs. 2,000

Closing stock could not be ascertained, But it is known that the branch usually sells at cost plus 20%. The branch manger is entitled to a commission of 5% on the profit of the branch before charging such commission.

OR

- b How various common expenses are allocated to various departments? Explain with example.

- 13 a Manilal bought 4,000 15% debentures of Anwar Ltd, from Mahesh at Rs. 96 cum interest on 1
- st
- January 2015. Interest is payable by the company on 30
- th
- September and 31
- st
- March every year. You are required to give journal entries in the books of both the parties.

OR

- b Mr A prepare accounts on 30
- th
- September each year, but on 31
- st
- Dec 2016 fire destroyed the greater part of his stock. Following information was collected from his book:

Stock on 1.10.2016	-	Rs. 29,700
Purchase from 1.10.2016 to 31.12.2016	-	Rs. 75,000
Wages from 1.10.2016 to 31.12.2016	-	Rs. 33,000
Sales from 1.10.2016 to 31.12.2016	-	Rs. 1,40,000

The rate of gross profit is 33.33% on cost. Stock to the value of Rs. 3,000 was salvaged. Insurance policy was Rs. 25,000 and claim was subject to average clause.

Additional information:

- Stock at the beginning was calculatd at 10% less than cost
 - A plant was installed by firms own workers. He was paid Rs. 500, which was included in wages.
 - Purchases include the purchase of the plant for Rs. 5,000.
- Calculate the claim for loss of stock.

- 14 a A, B and C are sharing profits and losses in the ratio of 5 : 3 : 2. Calculate the new profit sharing ratio and the sacrificing ratio in each of the following cases:
- If C acquires $\frac{1}{10}$ th share from B
 - If C acquired $\frac{1}{10}$ th share equally from A and B.

OR

- b A and B are in partnership sharing profits and losses equally. The balance sheet of M/s A and B as on 31.12.2016 was as follows.

Liabilities	Rs.	Assets	Rs.
Capital a/c		Sundry fixed assets	60,000
A	45,000	Inventories	30,000
B	45,000	Bank	20,000
Trade payable	20,000		
	1,10,000		1,10,000

On 1.1.2017, they agreed to take C for $\frac{1}{3}$ rd share as partner to increase the capital base to Rs. 1,35,000. C agrees to pay Rs. 60,000. Show necessary. Journal entries and prepare partners capital a/c.

- 15 a A share holder was holding 500 equity shares of Rs. 10 each of a company issued at 10% discount. He paid Rs. 2 on application, Rs. 3 on allotment but could not pay the first call of Rs. 3 per share and his shares were forfeited by the directors. The shares were reissued subsequently at a price of Rs. 7 per share. Give necessary journal entries.

OR

- b A company purchased assets of Rs. 3,60,000 and , took over the liabilities of Rs. 35,000. It is agreed to pay purchase price of Rs. 3,34,950, by issuing debentures of Rs. 100 each at a premium of 10% and Rs. 65 by cash. The debentures of the same company are quoted in the market at Rs. 130. Journalise.

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Krishna sells products on H.P terms, the price being cost plus $33\frac{1}{4}\%$. From the following particulars for the year ended 31.12.95. Prepare the necessary accounts on stock - debtors system to reveal the profit earned.

		Rs.
1.1.95	Stock out on hire at H.P price	16,00,000
	Stock in hand at shop	2,00,000
	Instalment due (customers still paying)	1,20,000
31.12.95	Stock out on hire at H.P price	18,40,000
	Stock in hand, at the shop	2,80,000
	Instalments due (customer still paying)	2,00,000
	Cash received during the year	32,00,000

- 17 Pass journal entries in the books of head office for the following transactions assuming the accounts are closed on 31st December.

- Goods sent by the head office on 28th December worth Rs. 1,000 to its Bombay branch were not received by the branch upto 31st December.
- Provide depreciation at 10% on furniture (Rs. 40,000) when Bombay Branch a/c is maintained in the head office books
- The Bombay branch collected Rs. 3,000 from a Bombay customer of head office

17 Cont...

- iv) A sum of Rs. 1,300 being arrears of call money was received by the Bombay office from a shareholder in November but was not communicated to the head office till 3rd January.
- v) Goods costing Rs. 1,800 purchased by Bombay branch but payment made by head office. The head office has debited the amount to its own purchase a/c.
- vi) Rs. 2,000 interest on investments collected by Bombay branch on behalf of the head office.

18 A fire occurred in the business premises of Raghavan. On 19.7.2018. From the following particulars ascertain the loss of stock and prepare a claim for insurance.

	Rs.
Stock on 1.1.2017	36,720
Stock on 31.12.2017	32,400
Sales for 2017	2,16,000
Purchases for 2017	1,46,400
Purchases from 1.1.2018 to 19.7.2018	1,76,400
Sales from 1.1.2018 to 19.7.2018	1,80,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs. 21,600. The amount of the policy was Rs. 75,600. There was an average clause in the policy.

19 Bring out the various accounting treatments required in case of retirement of a partner.

20 A limited company has an authorised capital of Rs. 2,50,000 in Rs. 10 shares. Of these 4,000 shares were issued as fully paid for payment of buildings purchased and 3,000 shares were subscribed for by the public, and during the first year Rs. 5 per share was called payable Rs. 2 on application, Rs. 1 on allotment, Rs. 1 on first class and Re. 1 on second call. The amount received in respect of these shares were as follows:

- On 6,000 shares the full amount called
- On 1,250 shares Rs. 4 per share
- On 500 shares Rs. 3 per share
- On 250 shares Rs. 2 per share

The directors forfeited the shares on which less than Rs. 4 had been paid. Pass journal entries and show how capital would appear in the balance sheet at the end of a year.

Z-Z-Z

END