

20. Ram, Rahim and Suresh share profits in the ratio of 3:2:1 on 31.12.94, their Balance sheet was as follows;

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Machinery	25,000
General Reserve	3,000	Stock	11,000
Capital :		Debtors	9,500
Ram	20,000	Goodwill	13,000
Rahim	15,000	Cash	1,500
Suresh	10,000		
	<u>60,000</u>		<u>60,000</u>

On the above date the firm was dissolved. The assets except cash realized Rs. 60,000. The creditors were settled at Rs. 11,500. Dissolution expenses amounted to Rs. 800. Give necessary ledger Accounts.



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BAIM22B — FINANCIAL ACCOUNTING – II

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL the questions.

1. Define branch accounts? What is its purpose?
2. What are the features of dependent branches?
3. What is departmental accounts?
4. What is stock reserve?
5. Define hire purchase system.
6. Who is hire vendor?
7. What is joint life policy?
8. What is Goodwill?
9. What do you mean by dissolution of a partnership firm?
10. Who is an insolvent partner?

SECTION B — (5 × 5 = 25 marks)

Answer ALL the questions.

11. (a) What are the types of branch accounts?

Or

- (b) Compute opening branch debtors balance from the following transactions

Credit sales	Rs. 51,000
Cash Received from Debtors by the branch	Rs. 42,500
Branch Debtors (Closing)	Rs. 7,700
Discount Allowed to customer by branch	Rs. 1,800

12. (a) There are five departments in a concern. The total indirect expenses amounted to Rs. 12,000. One-sixth of expenses are to be divided equally to all the five departments. The remaining expenses are to be shared in the ratio of sales. Sales of various departments were as follows;

Dept. A Rs. 50,000

Dept. B: Rs. 40,000

Dept C: Rs. 30,000

Dept D: Rs. 20,000

Dept E : Rs. 60,000.

Show the allocation of indirect expenses.

Or

- (b) Goods are transferred from Dept A to Dept B at selling price. Usually stocks of Dept. B consist of 75% of goods received from Dept. A and balances 25% other expenses. From the following particulars compute the profit included in the stocks of Dept. B

G.P. Ratio of Dept. A: 20% on sales

Opening stock of Dept. B: Rs. 40,000

Closing stock of Dept. B: Rs. 90,000.

13. (a) Difference between hire purchase and installment purchase system.

Or

- (b) X purchased a typewriter on hire purchase system. As per terms he is required to pay Rs. 800 down, Rs. 400 at the end of the first year Rs. 300 at the end of the second year and Rs. 700 at the end of third year. Interest is charged at 5% pa. Calculate the total cash price of the typewriter and the amount of interest payable on each installment.

14. (a) Goodwill is valued on the basis of three years purchase of average profits of the preceding four years. The profits of previous four years were 2001: Rs. 16,000 2002: Rs. 20,000 2003: Rs. 18,000 2004: Rs. 26,000. Find out the value of goodwill.

Or

- (b) A, B and C are partners in a firm sharing profits in the ratio of 3:2:1. C died on 1-8-2010. They had taken a joint life policy for Rs. 75,000 whose surrender value appeared in the books at Rs. 21,000 on the date of death.

The amount of the policy was duly received from the insurance company. Pass journal entries to close the Joint Policy account.

15. (a) X, Y and Z are partners sharing profits and Losses in the ratio of 2:2:1 respectively. Y is insolvent and his estate is unable to contribute anything. You are required to pass two journal entries as per Garner Vs Murray rule from the following information;

Realisation loss Rs. 1,20,000

Deficiency in Y's Capital A/c: Rs.22,000

Capital ratio of X and Z:73:25.

Or

- (b) What journal entries would be passed for the following transaction on the dissolution of a firm, after various assets (other than cash) and third party liabilities have been transferred to Realisation A/c.

- (i) Bank Loan Rs. 12,000 is paid
(ii) Stock worth Rs. 6,000 is taken over by partner B

- (iii) Expenses on dissolution amounted to Rs. 1,500 and were paid by the partner A

- (iv) A typewriter completely written off in the books of accounts was sold for Rs.200.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Fancy clothes Ltd., opened a branch on 1st January, 1998 at Delhi. The figures given below are for the year 1998,

	Rs.
Goods sent to Branch	25,000
Sales:	
Cash	10,000
Credit	18,000
Cash received from debtors	16,000
Discount allowed to them	300
Cash sent to Branch for expenses	3,500
Stock on 31 st December 1998	4,000

Give Journal entries and prepare branch account.

17. From the following particulars, prepare the departmental Trading and profit and Loss A/c for the year ending 31.12.97.

	Dept X	Dept Y
	Rs.	Rs.
Stock (1-1-97)	9,000	8,400
Sales	42,000	36,000
Purchases	27,000	21,600
Direct Expenses	5,490	8,520
Postage	360	360
Stock (31-12-97)	10,800	4,800

Indirect expenses for the entire business was Rs.3,900 which are to be divided in the proportion of sales of the two department.

18. Malan purchased a machine on hire purchase system on 1st January 1993. The terms of payments are four annual installments of Rs. 13,690 at the end of each year. Interest is charged @ 5% and is included in the annual payment of Rs.12,690.

Show Machinery account and Hire Vendor account in the books of Malan who defaulted in the payment of the third yearly payment whereupon the vendor repossessed the machinery @ 10% p.a. on the reducing balance.

19. A and B are partners sharing profits in the ratio of 3:1. under on 31.3,2004:

Liabilities	Rs.	Assets	Rs.
Salary due	5,000	Stock	10,000
Creditors	40,000	Prepaid Insurance	1,000
Capital		Debtors	8,000
A	30,000	Less:	
B	20,000	Provision	500
		Cash	18,500
		Machinery	22,000
		Buildings	30,000
		Furniture	6,000
	<u>9,50,000</u>		<u>9,50,000</u>

C is admitted as a new partner introducing a capital of Rs. 20,000 for his 1/4 th share in future pro Fits.

Following revaluation are made:

- Stock be depreciated by 5%
- Furniture be depreciated by 10%
- Building be revalued at Rs.45,000
- The provision for doubtful debts should be increased to Rs. 1,000. Pass journal entries, Prepare revaluation A/c and balance sheet after admission.