

NOVEMBER/DECEMBER 2019

BAIM22B — FINANCIAL ACCOUNTING – II

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL the questions.

1. What are different kinds of branches?
2. Define branch.
3. State the any two advantages of preparing departmental account.
4. What is the meaning of departmental accounting?
5. What is Repossessed stock?
6. What do you understand by Hire purchase trading account?
7. What do you mean by admission of new partner?
8. What is gaining ratio?
9. What do you mean by the dissolution of partnership firm?
10. Write short note on proportionate capitals.

Plant & machinery realised for Rs.20000: stock realised Rs. 15000: debtors realised Rs.21000: goodwill was sold for Rs.300. the dissolution expenses amounted to Rs.600. c is insolvent and a dividend of 50 paise in the rupee is received from hid private estate.

Pass the journal entries and prepare ledger account to close the book of the firm applying the rule in Garner Vs Murray.

- (b) LOYAL shoe company opened branch at madras on 1.1.2002. From the following particulars ,prepare the madras branch account for the year 2002 and 2003.

	2002 Rs.	2003 Rs.
Goods sent to branch	15000	45000
Cash sent to branch for		
Rent	1800	1800
Salaries	3000	5000
Other expenses	1200	1600
Cash received from the branch	24000	60000
Stock on 31 st December	2300	5800
Petty cash in hand on 31 st December	40	30

12. (a) Distinguish between department and branches.

Or

- (b) Explain the procedure for preparation of departmental accounts.

13. (a) On 1.1.86 X purchased a machinery on hire purchase system. The payment is to be made Rs.4000 down (on signing of the contract)and Rs.4000 annually for three years. The cash price of machinery is Rs. 14900 and the rate of interest is 5%. Calculate the interest in each year's installment.

Or

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instalment of Rs. 15000 each at the end of each year. Interest is charged at 5%p.a the buyer depreciates the car at 10% p.s on straight line method. From the above particulars give journal entries and relevant A/cs in the book of Mr. P and in the books of hire vendor.

19. A and B are the partners sharing profits in the ratio of 3:1. Their balance sheet stood as under on 31.3.2004

Liabilities	Rs.	Assets	Rs.
Salary due	5000		
Creditors	40000	Stock	10000
Capital		Prepaid insurance	1000
A: 30000		Debtors	8000
B: 20000	50000	less: provision	500
		Cash	18500
		Machinery	22000
		Buildings	30000
		Furniture	6000
	<u>95000</u>		<u>95000</u>

C is admitted as a new partner introducing a capital of Rs.20000, for his $\frac{1}{4}$ th share in future profits.

15. (a) P, Q and R share profit in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$. On the date of dissolution their balance sheet was as follows;

Liabilities	Rs.	Assets	Rs.
Creditors	14000	Sundry assets	40000
P's capital	10000		
Q's capital	10000		
R's capital	6000		
Total	40000		40000

The asset realised Rs. 35500. Creditors were paid in full. Realisation expenses amounted to Rs.1500. close the book of firm.

Or

- (b) X, Y and Z sharing profit in the proportion of 3:2:1 decided to dissolve partnership on 31.12.90. their balance sheet on the date was under:

Liabilities	Rs.	Assets	Rs.
Capital accounts:		Leasehold premises	12500
X	30000	Goodwill	20000
Y	10000	Machinery	30520
Z	10000	Stock	7550
Bank loan	11500	Investment	6330

- (b) Mr. X purchased a machine on hire purchase system Rs3000 begin paid on delivery and the balance in five installments of Rs.6000 each, each payable annually on 31st December. The cash price of the machine was Rs.30000. calculate the amount of interest for each year.

14. (a) Calculate the amount of good will at the three year purchase of the last five years average profits. The profits were:

I year	—	Rs.9600
II year	—	Rs. 14400
III year	—	Rs. 20000
IV year	—	6000
V year	—	Rs. 10000

Or

- (b) A and B are partners in business sharing profit in the ratio of 5:3. They decided to admitted C into the firm giving him $\frac{1}{6}$ th share. Calculate the new profit sharing ratio and sacrificing ratio of the partners.

Following revaluation are made:

- (a) Stock be depreciated by 5%
 (b) Furniture be depreciated by 10%
 (c) Building be revalued at Rs.45000
 (d) The provision for doubtful debts should be increased to Rs. 1000. pass journal entries, prepare revaluation A/c and balance sheet after admission.

20. A, B and C partners sharing profits and losses in the ratio of 3:2:1 respectively. The firm was dissolved on 31.12.95 on which dates its balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Capital account A	45000	Plant & machinery	28500
B	5000	Stock	25000
C	5000	Sunday- debtors	25000
A's current A/c	750	Cash at bank	1500
Sunday creditors	20000	B's current A/c	1000
Bills payable	3500	C's current A/c	2500
A's loan	5000	Profit & Loss A/c	750
	<u>84250</u>		<u>84250</u>

Liabilities	Rs.	Assets	Rs.
Leasehold redemption fund	6000	Joint life policy	12000
Life policy fund	12000	Sundry debtors 5800	
Machinery depn.	16200	Less: Reserves 500	5300
Fund A/c		Cash at bank	1500
	<u>95700</u>		<u>95700</u>

The joint life policy is surrendered for Rs. 10000. the investment are taken over by Y for Rs.8000. X agreed to discharge the bank loan. The remaining assets are sold for Rs.86700. the expenses of realisation amount to Rs.850.

Show the necessary ledger accounts including the accounts of the partners.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. What do you understand by incorporation journal entries? Give specimen entries in a head office book to incorporate branch trial balance.

17. The following purchases were made by a big house having three departments

Dept A—1000 units	} at a total cost of Rs.100000
Dept B—1000 unit	
Dept C—1000 units	

Stock on 1st January were:

Dept. A— 120 units

Dept. B- 80 units

Dept. C— 152 units

Sales were:

Dept. A – 1020 units at Rs20 each

Dept. B – 1920 nits at Rs.22.50 each

Dept. C – 2496 units at 25 each

The rate of gross profit in each case. Prepare departmental trading account.

18. Mr. P purchased 4 cars for Rs.14000 each on 1.1.92 under the hire purchase system. The hire purchase price for all the 4 cars was Rs.60000 to be paid as Rs.15000 down payment and 3 equal

SECTION B — (5 × 5 = 25 marks)

Answer ALL the questions.

11. (a) Show what entries would be passed by head office to record the following transaction in the book on 31st December, the date of annual closing?
- (i) Goods amounting Rs. 1500 transferred from Chennai branch to Trichy branch under instructions from head office.
 - (ii) Depreciation of Rs. 1000 on Chennai branch fixed assets when such accounts are opened in the head office books.
 - (iii) A remittance of Rs. 9000 made by Trichy branch to head office on 26th December and received by the head office on 4th January.
 - (iv) Goods amounting to Rs. 15000 sent by head office to Trichy branch on 20th December and received by the latter on 15th January.

Or