

B.Com. II Semester Degree Examination, May - 2018

COMMERCE

Financial Accounting - II

Paper:2.3

(Old)

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates:

Neatness carries weightage.

Section - A

Answer any **Ten** of the following :

(10×2=20)

1. What is Realisation Account?
2. What do you mean by Purchase Consideration?
3. What do you mean by solvent?
4. Give the meaning of Royalty?
5. What is sub - lease.
6. Give the meaning of 'Branches'.
7. What is minimum Rent?
8. Write two objectives of preparing of separate departmental account?
9. How do you allocate the following expenses
 - 1) Rent
 - 2) Advertisement expenses.
10. What is loading?
11. Mention two difference b/w Amalgamation & sale of partnership.
12. Give the meaning of Branch stock Account?

[P.T.O]



Section - B

Answer any **Three** of the following :

(3×5=15)

13. Explain the decision between Garner Vs Murray.
14. M & N are partners sharing profits & losses equally from the following particulars prepare realisation account :

	Book value (Rs.)	Realised value (Rs.)
Furniture	30,000	24,000
Building	2,00,000	1,60,000
Stock	30,000	36,000
Debtors	20,000	18,000

Firm had creditors of Rs. 10,000 which were settled at a discount of 10%.

15. The firm of A, B & C was dissolved when their capitals were Rs. 20,000, 14,000, 6000 respectively. After paying off all liabilities, the assets realised as under.

Ist Installment	Rs. 16000
IInd Installment	Rs. 15000
IIIrd Installment	Rs. 12000

Prepare a statement of piece meal distribution of cash.

16. Mention the basis of allocation of the following expenses in departmental accounts.

- 1) Rent
- 2) Salaries
- 3) Electricity charges
- 4) Bad debts
- 5) Depreciation.

17. What is meant by 'cash in transit' and 'goods in transit'? Where do they appear in the Balance sheet?

Section - C

Answer any **three** of the following :

(3×15=45)

18. Ram, Rahim & Robert are in Partnership sharing profits & losses in the ratio 4:3:1 Respectively. on 31-3-15 they agreed to sell their business to a limited company. The position on that date as follows.



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Liabilities	Rs.	Assets	Rs.
Creditors	16000	Freehold property	36000
Capitals :		Machinery	24000
Ram	40000	Book debts	30,000
Rahim	30,000	Stock	26,000
Robert	26000	Cash	4000
Loan from bank	8000		
	1,20,000		1,20,000

The company took the following assets except cash at the valuation shown below :

Free hold property - 44,000, machinery - 22,000; Book debt - 28,000, Good will - 8000

The following also agreed to pay the creditors which were agreed at Rs. 15,400. The company paid Rs. 3,300 shares of Rs. 10 each fully paid & balance in cash. The expenses amounted to Rs. 1000.

Prepare the necessary ledger accounts in the books of the firm.

19. The Balance sheet of P & Q and R & S as on 31-12-09 were as follows :

Liabilities	P&Q	R&S	Assets	P&Q	R&S
Capitals			Stock	8000	10500
P	10000	-	Debtors	6000	8000
Q	10000	-	Building	10000	12000
R	-	10000	Furniture	3000	35000
S	-	10000	Machinery	7000	8000
O/S Expenses	2000	3000	Cash at Bank	3000	1000
Creditors	15000	10000			
R & S loans	-	10000			
	37000	43000		37000	43000

The firm is decided to amalgamate & from in P, Q, R, S & Co. and agreed to share profit & losses equally in the new firm with effect from 1-1-2009. The terms of amalgamation were.

	P&Q	R&S
a) Stock	7000	12000

[P.T.O]



Debtors	4500	7000
Building	12000	15000
Furniture	2500	2500
Machinery	7000	7500
O/S Expenses	2000	3500

- b) The goodwill of P & Q is Rs. 10,000 & R&S is Rs. 5000 respectively but for the purpose of the new firm the combined good will of the new firm should be Rs. 12,000.
- c) Each partner should have Rs. 16000 as capital in the new firm cash should be brought in or paid necessary.
- d) The new firm could not over the loan of R & S. Prepare necessary accounts.

20. Karnataka company took a mine on lease at a royalty of Rs. 4 per tonne of iron ore raised with a minimum rent of Rs. 50,000 per annum. Each year's excess of minimum rent over royalties, is recoverable out of the royalties of the next two years.

In the event of strike the lease provided that the actual royalties earned would discharge all the rental obligations for that year.

The output for the first six years.

Year	1985	1986	1987	1988	1989 (Strike)	1990
Output (tonnes)	8000	12000	16000	20000	9000	14000

Prepare Royalty account, short workings A/c, and load losses a/c.

21. From the following prepare the departmental trading & profit & loss a/c for the year ending 31-12-2010.

Particulars	Dept.A	Dept.B	Total
Opening Stock	16,000	20,000	36,000
Purchases	1,40,000	1,60,000	3,00,000
Sales	1,80,000	2,40,000	4,20,000
Salaries	8000	10,800	19,800
General salaries	-	-	24,400
Rent & Rates	-	-	12,000
Carriage inwards	-	-	30,000
Carriage Outwards	-	-	5600



Discount allowed	-	-	2800
Discount Earned	-	-	3000
Advertisement	-	-	8400
Accountancy charges	-	-	2400
Insurance	-	-	1200

Other information :

- 1) General salaries are to be allocated equally.
- 2) The area occupied is in the ratio of 2 : 1.
- 3) Insurance & accountancy charges cannot be allocated to any department.
- 4) Goods transferred from Dept. B to A worth Rs. 30,000 were not recorded, however such transfers should not be included in calculation of the ratios.
- 5) Closing stock of Dept. A was Rs. 40000 & that of Dept. B Rs. 26000.

22. Mr. Veeranna of Gulbarga has a branch at Bangalore All goods required for branch were supplied at cost plus 25%. All the cash received at the branch was banked daily.

From the following particulars, prepare the Branch Account in the books of Head office :

	Rs.
Stock 1-1-1990 (invoice price)	10000
Debtors 1-1-1990	12000
Petty Cash 1-1-1990	200
Petty cash expenses	250
Total sales	35000
stock 31-12-1990 (invoice price)	19000
Debtors 31-12-1990	20000
Bad debts	400
Goods invoiced to branch (invoice price)	30,000
Goods returned from Branch (invoice price)	2000
Branch Expenses paid by the Head Office:	
Rent	1500
Salary	1600
Sundry Exp.	600
Petty Cash	300

