37221

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

COMMERCE (CBCS)

Financial Accounting - II

Paper No. - 2.3

(New)

Time : 3 Hours Maximum Marks : 70

Instructions to Candidates:

Neatness Carries Weightage

Section - A

Answer any **Five** of the following : **(5×2=10)**

1. Give any two reasons for Dissolution of a firm?

2. Mention any two methods for calculating purchase consideration.

3. What is meant by piecemeal distribution of cash?

4. Give the meaning of Joint venture?

5. How do you allocate the following expenses.

   * Rent
   * Bad debts
   * Advertisement
   * Canteen expenses

6. Why the firms are going to Amalgamate?

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7. What do you mean by minimum Rent?

Section - B

Answer any **three** of the following : **(3×5=15)**

8. Capital & Creditors of a firm under dissolution were as under.

Capital : A - Rs. 40,000, B - Rs. 25,000, C- Rs. 5000, Reserves - Rs. 20,000, Creditors Rs. 60,000. The profits & losses are shared by A, B & C in 2 : 1 : 1 respectively.

The Assets realised Rs. 80,000 'C' was Bankrupt. Prepare Realisation account & capital Account. Apply the rule Garner Vs murray.

9. Calculate the purchase consideration. The following assets & liabilities are taken over by the firm.

Land & Buildings - Rs. 45,000, Machinery - Rs. 20,000, Stock - Rs. 20,000, Debtors - Rs. 23,200, B/R - 6400 Good will - 28,800, Bills Payable -.7200 Sundry creditors - 21,600.

10. M/S P & Q decided to Amalgamate their firm with M/S. R & S. From the following prepare Revaluation Account in the books of M/S. P & Q.

Assets & Liabilities	**Bank values**	**Realised values**
Stock	90,000	89,000
Debtors	130000	127400
P & M	96000	92000
Furniture	20000	17000
Building	160000	184000
Creditors	53000	50000

11. Arun and varun are in a joint venture sharing profits & losses equally varun brought goods costing Rs. 1,20,000. & Sent the same to Arun incurring expenses of Rs. 4000. 'Arun' provided goods valued Rs. 80,000. From his stock & sold the entire goods for Rs. 3,00,000.

'Arun' is entitled to a commission at 5% on sales. The accounts were duly settled. Prepare joint venture A/C. & varun A/C in the books of 'Arun'.

12. Write a short note on :

1) Minimum Rent

2) Short workings

3) Lessor

Section - C

Answer any **three** of the following : **(3×15=45)**

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13. Red, white and blue are partners sharing profits & losses in the ratio of 5:3:2 respectively. Their B/S as on 31-12-16, when the business was wound up was as follows.

Liabilities	Rs.	Assets	Rs.
Capitals :		Buildings	40,000
Red	50,000	Plant	30,000
White	15,000	Stock	30,000
Blue	45,000	Debtors	10,000
	1,10,000		**1,10,000**

If was agreed to repay the amounts due to the partners as and when the assets were realised.

Feb 1 - 2017	Rs. 30,000
April 1 - 2017	Rs. 73,000
June 1 - 2017	Rs. 3000

Prepare a statement showing the distribution of cash among the partners.

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14. Two firms A & B and C & D were carrying on separate businesses. The B/S as on 30 September 2016 were as follows.

Liabilities		A&B	C&D	Assets	A&B	C&D
Creditors		10,000	16000	Cash	7000	2000
B/R		12000	-	Debtors	14000	36000
Reserve		15000	-	Stock	22000	12000
O/D		-	13000	Investment	_	12000
Capitals	A	30,000	_	Motor car	_	9000
	B	40,000	_	Machinery	38000	_
	C	_	20,000	Building	26000	_
	D	-	22,000			
		1,07,000	**71,000**		**1,07,000**	**71,000**

A and B were sharing P/L in the proportion of 3:2, and C & D were sharing profits equally. The concerns were amalgamate on 1st october 2016 on the following terms.

1) That the G.W of A & B's business be valued at Rs. 10,000 & that of C & D's business be valued at Rs. 6000.

2) That a provision of 5% be made on all debtors.

3) That the stock of A & B be depreciated by 10% and that of C & D by 8%.

4) That the machinery & building be taken at Rs. 42000 & 30000 respectively.

5) That motor can be retained by C and D

6) That the investment be taken at Rs. 16000.

7) That the capital of the new firm should be Rs. 1,40,000 out of which Rs. 1,00,000 should be held by A & B equally & the balance should be held by C & D equally.

Prepare necessary accounts and B/S of the new firm.

15. X, Y and Z carry on business in partnership sharing profits & losses in the ratio of $\frac{1}{2}, \frac{1}{3}$ & $\frac{1}{6}$ respectively. On 30-6-2015, when they agreed to sell off the business to a limited company, their position was as follows.

Liabilities	Rs.	Assets	Rs.
X's capital	40,600	Machinery	25,000
Y's capital	30,400	Buildings	32,000
Z's capital	25,200	Stock	20,000
S. Creditors	15,000	Debtors	30,000
		Cash	4200
	1,11,200		1,11,200

a) The company purchased the following assets at the valuation shown below machinery at Rs. : 21,000; Buildings at Rs. 30,000 Debtors at Rs. 28000; stock at Rs. 18500, Good will at Rs. 9000.

b) The creditors were paid at a discount of 2%.

c) The expenses of realisation amounted to Rs. 1000

d) The purchase price was paid by the company as to Rs. 57000 in shares of Rs. 10 each. Rs. 19000 in 5% debentures & the balance in cash.

Show the necesssary ledger accounts to close the books of the firm.

16. From the following information, prepare the departmental trading and profit and loss account for the year ending 31-3-17.

		Rs.
Opening stock	Dept A	11,800
	Dept B	14,200
Purchases	Dept A	75,900
	Dept B	50,000
Sales	Dept A	1,00,000
	Dept B	80,000
Purchase returns	Dept A	900
Wages	Dept A	9,000
	Dept B	8,000
Carriage inwards		2500
Rent and rates		6000
Salaries		11,600
Advertising		8100
General expenses		5400
Discount allowed		4500
Discount earned		1500
Insurance premium		600

The following additional information is also available.

1) The departmental A & B have occupied space in the ratio of 2:1.

2) The closing stock of Dept. A was Rs. 21,000 and B Rs. 15000.

3) Salaries to be allocated equally between the department A & B.

17. OMC company took a mine from a mahesh of kuditini at a royalty of Rs. 5 per ton of coal raised with a minimum rent of Rs. 25,000 per year. Short workings are recoverable out of excess royalties of the next two years only.

In the year of strike, minimum rent is to be reduced proportionately. The results of working are as under.

2001	-	4000 tons
2002	-	4500 tons
2003	-	6000 tons
2004	-	7000 tons
2005	-	3000 tons (strike for 3 months)

Prepare Royalty chart.