



II Semester B.Com. Degree Examination, May/June 2016
Paper 2.3 : FINANCIAL ACCOUNTING – II (New)

Max Marks : 80

Time : 3 Hours

Instruction : Neatness carries weightage

SECTION – A

(10x2=20)

Answer any ten questions from the following .

1. What is a Realisation Account ? Why is it prepared ?
2. Who is an insolvent partner ?
3. What do you mean by piecemeal distribution of cash ?
4. What do you mean by conversion of partnership into a limited company ?
5. Mention two differences between 'Amalgamation' and sale of a partnership.
6. What is meant by recoupment of shortworkings ?
7. How do you record inter-departmental transfer of goods ?
8. What is Royalty ?
9. What is Joint Bank Account ?
10. What do you mean by "Memorandum Joint Venture Account" ?
11. What is sub-lease ?
12. Give any two points of differences between Revaluation Account and Realisation Account.

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SECTION - B

(3x5=15)

Answer any three of the following :

- 13 Explain the decision between Garner V/s Murray.
- 14 State the different methods of recording joint venture transactions.
- 15 A B and C are the partners sharing profits and losses in the ratio of 2 : 2 : 1. They dissolved their firm on 31-3-2015. On that date their position was as follows :

Capital Accounts :

A	1,60,000
B	80,000
C	40,000
Reserve Fund	40,000
Profit and Loss A/c (cr.)	20,000
Realisation loss	1,00,000

Prepare the Capital Accounts of the Partners.

- 16. Following are the particulars of the two Departments M and N. Prepare the Columnar Trading and Profit and Loss Account, assuming that all the common expenses are allocated to the departments in the ratio of 3 : 2 respectively.

Particulars	'M'	'N'	Total
Opening stock	40,000	60,000	1,00,000
Purchases	80,000	1,20,000	2,00,000
Sales	2,00,000	2,40,000	4,40,000
Closing stock	40,000	80,000	1,20,000
General Expenses	-	-	1,20,000
Rent	-	-	12,000
Salary	-	-	24,000
Advertisement	-	-	12,000
			36,000

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17. X and Y were partners in a joint venture sharing profits and losses in the ratio 3 : 2. X supplies goods of the value Rs. 24,000 and incurs expenses amounting to Rs. 4,800. Y supplies goods of the value Rs. 18,000 and incurs expenses amounting Rs. 3,000. Y sells the goods on behalf of joint venture for Rs. 60,000. Y is entitled to a commission of 5% on sales.

Prepare Joint Venture Account in the books of Y

SECTION - C

Answer **any three** of the following :

(3×15 = 45)

18. Ramesh, Suresh and Umesh are in partnership sharing profits and losses in the ratio of 3 : 2 : 1. They decided to dissolve the business on 31.12.2014 on which date their Balance Sheet was as follows :

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Land and Building	61,620
Ramesh	77,400	Motor car	10,320
Suresh	21,360	Investments	2,160
Umesh	22,200	Stock	39,060
Loan Account : Umesh	6,000	Debtors	22,560
Creditors	20,640	Cash	11,880
	1,47,600		1,47,600



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The assets were realised piecemeal as follows and it was agreed that cash should be distributed as and when realised.

15-1-2015	Rs. 20,760
20-2-2015	Rs. 55,800
23-3-2015	Rs. 7,200
15-4-2015 Umesh took over investments at a value of	Rs. 2,520
27-4-2015	Rs. 38,400

Dissolution expenses were originally provided for an estimated amount of Rs. 5,400 but the actual amount spent on 29-3-2015 was Rs. 3,840. The creditors were settled for Rs. 20,160.

Prepare a statement showing Piecemeal Distribution of Cash

19. Raghu and Ramu were equal partners. On 31st December 2015 their Balance Sheet was as follows :

Liabilities	Rs.	Assets	Rs.
Raghu's Capital Account	75,000	Fixed assets (Cost) * 40,000	
Ramu's Capital Account	35,000	Less : Provision	
Raghu's Loan Account	10,000	for Depreciation <u>45,000</u>	95,000
Sundry creditors	26,800	Joint life policy	6,300
		Stock	27,000
		Debtors	15,000
		Cash	3,500
	1,46,800		1,46,800

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On that date, the partners Dissolved the firm. Fixed assets were sold to Jupiter Co. Ltd. for Rs. 1,00,000 payable in the form of 10,000 shares of Rs. 10 each. Raghu took over joint life policy at an agreed valuation of Rs. 5,000. Stock and debtors realised Rs. 23,700. Expenses came to Rs. 300. Raghu and Ramu agreed to distribute shares in Jupiter Co. Ltd. among themselves in the ratio of their final claims. Sundry creditors were paid at Book value.

Show the necessary Ledger Accounts to close the books of the firm.

20. The following were the Balance Sheets of M/s Rajesh and Ramesh and Choti and Moti as on 31-12-2014.

Liabilities	Rajesh & Ramesh	Choti & Moti	Assets	Rajesh & Ramesh	Choti & Moti
Bills payable	18,000	15,000	Buildings	30,000	-
Creditors	12,000	30,000	Machinery	15,000	30,000
Capital Accounts :			Furniture	7,500	3,000
Rajesh	75,000	-	Stock	75,000	1,12,500
Ramesh	75,000	-	Investments	3,000	-
Choti	-	90,000	Debtors	45,000	67,500
Moti	-	90,000	Cash at Bank	4,500	12,000
	1,80,000	2,25,000		1,80,000	2,25,000

Rajesh and Ramesh shared profits in the ratio of 3 : 2 and Choti and Moti in the ratio of 7 : 3. They decided to amalgamate their business on 1-1-2015.

The following adjustments are to be made in the Balance Sheet of Rajesh and Ramesh

- a) Stock to be Depreciated by 10%.
- b) Debtors amounting to Rs 1,500 were bad

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- c) Buildings were to be revalued at Rs. 30,000.
- d) Machinery was to be appreciated by Rs. 3,000.
- e) The Investments were not to be taken over by the new firm.

The following adjustments were to be made in the Balance Sheet of Choti and Moti.

- a) Stock to be depreciated by Rs. 3,750.
- b) 5% provision for doubtful debts was to be made on debtors.
- c) Furniture is not to be taken over by the new firm.

Further, the goodwill of Rajesh and Ramesh was valued at Rs. 7,500 and that of Choti and Moti at Rs. 12,000. The goodwill should not be shown in the books of the new firm. All the partners share profits and losses in the new firm equally and the capital of the new firm was fixed at Rs. 3,00,000.

Show the necessary Ledger Accounts in the books of the old firms and prepare the Balance Sheet of the new firm

21. Assam Coal Company acquired on lease a coal mine on a royalty of 50 paise per tonne of coal brought on the surface with a minimum rent of Rs. 56,000. A year with no right to recover shortworkings except the shortworkings of the strike period which can be recovered in the next year.

10% of the coal taken out from the mine is cost in weight in bringing the coal on the surface.

Assam Coal Company took out coal from the mine as under

1st year 20,000 tonnes, 2nd year 80,000 tonnes, 3rd year 1,20,000 tonnes, 4th year 1,70,000 tonnes, 5th year (strike) 80,000 tonnes.

Prepare Minimum Rent Account, Royalty A/c, Shortworkings Account and Landlord Account for the five years.



22. Kumar of Koppal and Ganesh of Gangavati were in joint venture and decide to send 200 bags of rice to Basavaraj of Bellary to sell of rice on joint venture. Kumar and Ganesh have agreed to share the profit equally.

Kumar sent 120 bags of rice valued Rs. 80,000 by incurring Rs. 5,000 as expenses for freight and Insurance. Ganesh sent 80 bags of rice at Rs. 60,000 by incurring expenses of Rs. 3,000

Basavaraj sold all the bags for Rs. 2,00,000. He is entitled for a commission at 5% on sales and he incurred Rs. 2,000 as expenses. He has remitted the balance to Kumar. The account between Kumar and Ganesh were settled.

Show the necessary Ledger Accounts in the books of Kumar and Ganesh by recording all the transactions of the venture.
