

SEM	SET	PAPER CODE	TITLE OF THE PAPER
II	2014	14UCC230204	FINANCIAL ACCOUNTING – II

**SECTION – B****Answer all the questions:****5 x 5 = 25**

31. a. Prepare capital a/cs of partners A and B when their capitals are fluctuating.

	A (₹)	B (₹)
Capital on 1.1.2002	8,00,000	7,00,000
Drawings during 2002	1,60,000	1,40,000
Interest @ 5% on drawings	4,000	2,000
Share of profits for 2002	84,000	66,000
Interest on capital @ 6%	48,000	42,000
Salary	72,000	Nil

**OR**

- b. P and Q are partners sharing profits in the ratio of 3:2. 'R' joins then on 1.4.2010 for 1/3 share. The following were revalued.
- Buildings to be appreciated by ` 11,000
  - Goodwill to be created at ` 17,000
  - Value of debtors reduced by ` 1,000
- Prepare revaluation a/c and give journal entries.
32. a. X, Y and Z share profits 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	`	Assets	`
Creditor	14,000	Sundry Assets	40,000
X Capital	10,000		
Y Capital	10,000		
Z Capital	6,000		
	<u>40,000</u>		<u>40,000</u>

The assets realized ` 35,500. Creditors were paid in full. Realization expenses amounted to ` 1,500. Close the books of the firm.

**OR**

- b. P, Q and R are partners in a firm. They share profits and losses equally. Their balance sheet on 31.12.92 is given as under.

Liabilities	`	Assets	`
Capital P	16,000	Machinery	40,000
R	12,000	Furniture	16,000
Reserve fund	18,000	Debtors	40,000
Creditors	64,000	Cash at bank	8,000
		Q's Capital	6,000
	<u>1,10,000</u>		<u>1,10,000</u>

The partnership is dissolved due to insolvency of Q who is unable to contribute anything in the payment of his debt to the firm. Machinery realized ` 30,000 and furniture ` 6,400. Only ` 24,000 was recovered from debtors. Creditors were paid at a discount of 5%. Prepare the necessary accounts in the books of the firm when the capitals are fluctuating. Apply Garner Vs Murray rule.

33. a. On 1-1-2001 X purchased machinery on hire purchase system. The payment is to be made ` 4,000 down and ` 4,000 annually for 3 years. The cash price of the machinery is ` 14,900 and rate of interest is 5% p.a. Calculate interest.

**OR**

- b. Prepare hire purchase trading a/c when goods are sold at cost plus 50%

1.1.2010	Stock out with customers at H.P. price	9,000
	Stock at shop at cost price	18,000
	Installment due but not received	5,000
31.12.2010	Goods worth ` 500 repossessed (Installment not due 2000)	
	Cash received from customers	60,000
	Purchases made during the year	60,000
	Stock at cost at shop	20,000
	Installments due but not received	9,000
	Stock out at hire purchase price with customers	30,000

34. a. From the following particulars prepare Delhi branch a/c in the books of Head office for the year ended 31.12.2005

Opening stock at the branch	15,000
Debtors on 1.1.2005	30,000
Petty cash	300
Goods sent to branch during 2005	2,52,000
Cash sales 2005	60,000
Received from debtors 2005	2,10,000
Credit sales during 2005	2,28,000
Cheques sent to branch during 2005	
Salaries	9,000
Rent & Rates	1,500
Petty cash	<u>1,100</u>
	11,600
Stock at the branch on 31.12.2005	25,000
Petty cash	200
Goods returned by the branch	2,000
Debtors on 31.12.2005	48,000

**OR**

- b. From the following information prepare the trading a/c of Mr. Rajan for the year ended 31.12.92.

	`	`
Opening stock		
Dept A	8,500	
Dept B	5,700	
Dept C	1,200	
Purchases		
Dept A	22,000	
Dept B	17,000	
Dept C	8,000	
Sales		
Dept A		54,000
Dept B		33,000
Dept C		21,000
Sales Return		
Dept A	4,000	
Dept B	3,000	
Dept C	1,000	
Freight and Carriage		
Dept A	1,400	
Dept B	800	
Dept C	200	
Wages		
Dept A	800	
Dept B	550	
Dept C	150	
Power and water	1,200	

Adjustments:

Outstanding wages – Dept B = ` 150

Dept C = ` 50

Power and water shall be shared by the departments in proportion to their sales.

Closing stock – Dept A = ` 3,500

Dept B = ` 2,000

Dept C = ` 1,500

35. a. A fire occurred at the premises of a Trader on 31.5.2007 destroying a part of his goods.  
Stock at 1.1.2007 was ` 60,000  
Stock salvaged was ` 13,500  
G.P on sales 30%  
Sales ` 1,53,000 from January to date of fire.  
Purchases ` 1,03,500 from January to date of fire.  
Prepare a statement of claim.

**OR**

- b. There was a serious fire in the premises of a company on 1<sup>st</sup> September 2000.
1. The net profit for the year ended 31.12.1999 ` 20,000.
  2. Insured standing charges were ` 2,80,000.
  3. The turnover for the period of 4 months ended April 30, August 31, and December 31 in each years of 1999 and 2000 was as under

	(`)	(`)	(`)
1999	6,50,000	8,00,000	9,50,000
2000	7,00,000	8,00,000	11,50,000

Compute claim under loss of profit policy due to short sales.

### **SECTION – C**

**Answer any THREE questions:**

**3 x 15 = 45**

36. Ram, Ravi and Robert were equal partners Robert Retired on 31.3.2010. The balance sheet of the firm on 31.12.2009 stood as follows.

Liabilities	`	Assets	`
Capital a/cs		Goodwill	25,000
Ram	5,000	Buildings	50,000
Ravi	3,000	Investment (cost)	10,000
Robert	3,000	Stock	12,000
Investment fluctuation fund	2,000	Debtors	20,000
Contingency Res.	6,000	<u>Less Provision</u>	<u>1,000</u>
Creditors	22,000	Cash in hand	2,000
	<u>1,40,000</u>	Cash at bank	22,000
			<u>1,40,000</u>

On the date of retirement it was found that

- Building be valued at ` 60,000.
- Investment fluctuation fund brought to ` 1,100.
- Debtors being all good.
- Stock to be taken at ` 11,000.
- Goodwill be calculated at 2 years purchase of average profit of past 5 years.
- Robert share of profit to the date of retirement calculated on the basis of average profit of proceeding 3 years. The profit for past 5 years were as under 2005- ` 12,000; 2006- ` 13,500; 2007- ` 8,000; 2008- ` 10,000; 2009- ` 9,000.

Prepare ledger a/cs and revised Balance sheet.

37. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O.

Prepare a) Branch stock a/c    b) Branch debtors a/c    c) Branch adjustment    d) Branch P and L a/c.

	`
Stock on 1.1.2005 (Invoice price)	27,900
Debtors on 1.1.2005	20,400
Goods invoiced to the branch (invoice price)	1,53,000
Cash sales	75,000
Credit sales	93,000

Cash collected from debtors	91,200
Goods returned by debtors	3,600
Goods returned by branch to H.O.	4,500
Shortage of stock	1,350
Discount allowed	600
Expenses at the branch	16,200
Bad debts	600

38. On 1.1.2007 X Ltd. purchased from Y Ltd. 5 trucks costing ` 40,000 each on hire purchase system. ` 50,000 was paid immediately and Balance in 3 Installments of ` 60,000 each at the end of each year. Y Ltd. charges interest @ 10% p.a. The buyer depreciates trucks @ 20% p.a. on W.D.V. method.

The Buyer paid cash down and 2 installments but failed to pay to last installment.

Y Ltd. repossessed 3 trucks leaving 2 trucks with the buyer and adjusting the value of 3 trucks against the amount due.

The trucks repossessed were valued on the basis of 30% depreciation p.a on W.D.V. method.

The repossessed trucks were sold by Y Ltd. for ` 60,000 after repairs of ` 10,000 open necessary ledger a/cs in the books of both the parties.

39. The following is the Balance sheet of A, B & C as on 31.12.2004.

Liabilities	`	Assets	`
Capitals	75,000	Plant and machinery	50,000
A	22,500	Land and buildings	1,00,000
B	67,500	Stock	20,000
C	13,000	Debtors	70,000
B's loan	62,000		
Creditors	<u>2,40,000</u>		<u>2,40,000</u>

On the above date, they decided to dissolve the firm and repay the amounts due to partners as and when the assets were realized.

I Realization	45,000
II Realization	1,09,500
III realization	70,500

Prepare the statement showing how the distribution should be made under maximum loss method.

40. A fire occurred in the business premises of Raghavan on 19.7.89. From the following particulars ascertain the loss of stock and prepare a claim for insurance.

Stock on 1.1.88	36,720
Stock on 31.12.88	32,400
Sales of 1988	2,16,000
Purchases for 1988	1,46,400
Purchases from 1.1.89 to 19.7.89	1,76,400
Sales from 1.1.89 to 19.7.89	1,80,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth ` 21,600. The amount of the policy was ` 75,600. There was an average clause in the policy.

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