

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-2016 and thereafter)

SUBJECT CODE: 15CM/MC/AG35

B.Com. (A & F) DEGREE EXAMINATION NOVEMBER 2019
ACCOUNTING AND FINANCE
THIRD SEMESTER

COURSE : MAJOR CORE
PAPER : ACCOUNTING- II
TIME : 3 HOURS

MAX. MARKS: 100

SECTION A

Answer ALL questions.

(10 x 2 = 20 marks)

1. State any three features of Dependent branches.
2. Point out any three objectives of providing Depreciation.
3. Explain what repossession in Hire Purchase System is.
4. What do you mean by compulsory dissolution of partnership firm?
5. What is Average Due Date?
6. Write down the journal entries for the following transactions:
[i] Cash sales of Rs.25,000 made by the branch
[ii] Sales made to Mr. X for Rs.30,000 made by the branch.
7. A Company purchased a plant for Rs.1 Lakh. The useful life of the plant is 10 years and the residual value is Rs.20,000. Find out the rate of depreciation under the straight line method.
8. An asset was purchased by Mr. X. The price of the asset, including interest is Rs.75,000/-. Interest is Rs.2,500/-. The down payment made is Rs.10,000/- . Pass the necessary journal entries in the books of the buyer.
9. What journal entries would you pass for the following, assuming all assets and liabilities are already transferred to realization account?
[i] Unrecorded asset realizes Rs.7,500
[ii] A liability taken over by partner X, Rs.10,000
10. Mr. X sells good to Mr. Y worth Rs.8,000 and Mr. Y pays Mr. X Rs.3,000. Show ledger account in both Mr. X and Mr. Y books.

SECTION B

Answer any FIVE questions.

(5 x 8 =40 marks)

11. ABC Company opened a branch at Chennai on 01.01.2016. From the following particulars, prepare the Chennai Branch Account for the years 2016 and 2017:

Particulars	2016 Rs.	2017 Rs.
Goods sent to Chennai Branch	15,000	45,000
Cash sent to Branch for:		
Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the branch	24,000	60,000
Stock on 31 st December	2,300	5,800
Petty Cash in hand on 31 st December	40	30

12. A company acquired a machine on 1.1.2015 at a cost of Rs.40,000 and spent Rs.1,000 on its installation. The firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31st December of each year. Show the machinery account for 3 years.
13. On 1.1.2016, Mr. A purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down and Rs.4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest is 5%. Calculate the interest in each year's instalment.
14. P, Q & R share profits in the 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	14,000	Sundry Assets	40,000
P's Capital	10,000		
Q's Capital	10,000		
R's Capital	6,000		
	40,000		40,000

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

15. Mr. Y, a partner in the firm of XYZ Products, has drawn the following amounts for the half year ended 30th June 2016:

Particulars	Amount / Rs.
08 th January	4,400
12 th February	4,000
15 th March	5,000
10 th April	4,800
06 th May	4,000
08 th June	4,000

Interest is to be charged at 15% per annum. Ascertain average due date of the above withdrawals and the amount of interest to be paid by the partner up to the end of the half-year.

16. Prepare Account Current rendered by Y to X for the half year ending 31st March 2016, calculating the interest at 15% per annum.

Details	Amount Rs.
On 1 st October 2015, X owes Y	20,000
On 1 st December 2015, X pays cash	6,000
On 1 st January 2016, X purchases goods from Y	12,000
On 1 st February 2016, X pays cash	18,000

17. Explain the guidelines for logical apportionment of the following expenses under Departmental Accounting:
- Selling Expenses
 - Rent & Rates
 - Depreciation of fixed assets
 - Lighting
 - Power
 - Carriage Inward
 - Workmen's amenities and welfare expense
 - Factory Manager's Salary

SECTION C**Answer any TWO questions.****(2 x 20 =40 marks)**

18. A company whose accounting year is the calendar year is the calendar year, purchased on 1.1.2015 a machine for Rs.40,000. It purchased further machinery on 01st October 2015 for Rs.20,000 and 01st July 2016 for Rs.10,000. On 1.7.2017, 1/4th of the machinery installed on 1.1.2015 became obsolete and was sold for Rs.6,800. Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance Method. Depreciation is to be provided at 10% p.a.
19. ABC Company invoiced goods to its Coimbatore Branch at Cost, The Head Office paid off all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following details relating to the Branch, prepare:

- [i] Branch Stock A/c
- [ii] Branch Debtors A/c
- [iii] Branch Expenses A/c
- [iv] Branch P&L A/c

Other Details:

Particulars	Amount / Rs.	Particulars	Amount / Rs.
Stock [Opening]	21,000	Discount to customers	4,200
Debtors [Opening]	37,800	Bad Debts	1,800
Petty Cash [Opening]	600	Good returned customers to branch	1,500
Goods sent from HO	78,000	Salaries & Wages	18,000
Good Returned to HO	3,000	Rent & Rates	3,600
Cash Sales	52,500	Debtors [Closing]	29,400
Advertisement	2,400	Petty Cash [Closing]	300
Cash received from Debtors	85,500	Credit Sales	85,200
Allowances to customers	600	Closing Stock	19,500

20. The following is the summarized balance sheet as on 30th June 2015 of Mr. A and Mr. B who were partners sharing profits and losses in the ratio of 3:2.

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	48,750	Land & Buildings	15,000
Capital Accounts: A: Rs.42,500 B: Rs.31,500	74,000	Vehicles	9,150
		Stock-in-trade	36,400
		Debtors: 56,600 [-] Provision for Doubtful debts: 1,225	55,375
		Cash at bank	6,825
	122,750		122,750

The partners decided to dissolve the firm as on 30th June 2015. A took over land and buildings at an agreed value of Rs.21,750, Stock-in-trade and motor vehicles were sold for Rs.38,800 and Rs.8,475 respectively. Debtors were raised in full. Creditors were paid subject to discount of Rs.625. Realization expenses were Rs.850. Give ledger accounts to close the books of the firm.

21. Mr. X purchased a machine on hire purchase system on 1st January 2015. The terms of payment are four annual instalments of Rs.12,690 at the end of each year. Interest is charged at 5% and is included in the annual payment of Rs.12,690.

Show the machinery account and Hire Vendor account in the books of Mr. X who defaulted in the payment of the third yearly payment where upon the vendor repossessed the machinery. Mr. X provides depreciation on the machinery at 10% on the reducing balance.
