

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 2017
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. What is Branch Adjustment Account?
2. What is the need for creating stock reserves?
3. What are the factors affecting the amount of depreciation?
4. Write a short note on Shop Stock Account.
5. What is Account Current?
6. X Ltd of Chennai has a branch at Delhi. From the following particulars prepare branch stock account under stock and debtors system.

Goods sent from H O	Rs.50,000
Returns to H O	Rs.1,000
Cash sales	Rs.35,500
Credit sales	Rs.8,000
Opening Stock	Rs.10,000
Closing Stock	Rs.11,000
7. A machine was purchased for Rs.30, 000 on 1.1.2016. This is expected to last for 5 years. Estimated scrap at the end of five years is Rs.5, 000. Find out the rate of depreciation under the straight-line method.
8. What journal entries would be passed for the following transactions on the dissolution of a firm, after various assets other than cash and third party liabilities have been transferred to Realisation Account?
 - a) Bank Loan Rs.12, 000 is paid
 - b) Stock worth Rs.6, 000 is taken over by partner Babu.
 - c) Expenses of dissolution Rs.1, 500 paid by Partner Anbu
 - d) A typewriter completely written off was sold for Rs.200.
9. There are three departments in a concern. The total indirect expenses amounted to Rs.18, 000. One-sixth of expenses are to be divided equally among all the departments. The remaining expenses are to be divided in the ratio of sales. Sales of departments were: Department X- Rs.60, 000, Department Y –Rs.50, 000 and Department Z – Rs. 40,000.
Show the allocation of expenses.
10. A machine, the cash price of which is Rs.40, 000, is sold on HP system for a HP price of Rs.50, 000 payable in 4 quarterly installments of Rs.12,500 each. The payment of first installment is made at the end of 1st quarter. Show the calculation of interest.

SECTION B**Answer any FIVE questions.****(5 x 8 =40 marks)**

11. You are given the following particulars of a business having three departments:

Department	Purchases (units)	Opening stock (units)	Opening stock (units)
A	1,500	200	100
B	1,000	300	160
C	2,000	150	200

Additional information:

- Purchases were made at a total cost of Rs.92, 000.
- the rate of gross profit is the same in each case.
- Purchases and sale prices are constant for the past 2 years.
- selling price per unit: Dept. A - Rs.20; Dept. – Rs.25 and Dept. C – Rs.30.

You are required to prepare Departmental Trading account.

12. A machine was purchased on Hire purchase system on the following terms:

	Rs.
Down payment	12,000
I installment at the end of 1 st year	17,000
II installment at the end of 2 nd year	16,000
III installment at the end of 3 rd year	55,000

The hire vendors charged interest at 10% per annum. At what value the machine be capitalized.

13. India traders of Chennai is having branch at Madurai and invoiced the goods at Cost plus 20%. The following particulars were related for the year ended 31.3.2010:

	Rs.
Goods sent to branch	90,000
Sales at Branch	
Cash	50,000
Credit	60,000
Cheque sent to branch for expenses	28,000
Cash received from debtors	55,000
Discount allowed to customers	2,000
Stock on 31.3.2010	30,000

Prepare branch account in the books of Head office

14. M/s Muthu & Sons has two departments, cloth and readymade. Readymade dresses are made out of cloth supplied by cloth department at its usual selling price. From the following particulars prepare departmental trading and profit and loss A/c

General P&L A/c for the year ending 31.12.2008:

	Cloth Dept (Rs.)	Readymade Dept(Rs.)
Purchases	24,60,000	2,00,000
Sales	25,00,000	7,00,000
Transfer to readymade Dept	4,50,000	-----
Closing stock	1,00,000	48,000

General expenses incurred for both the departments were Rs.1.20,000.

The stock in the readymade department consists of 2/3rd portion from cloth.

15. On 1.1.2016 Baba & Co purchased a machine on hire purchase basis. The total amount payable being Rs. 42,700. Payment was to be made Rs. 12,000 on the date and balance in three half yearly installments of Rs. 11,400; Rs. 10,900; Rs. 8,400 commencing from 30.6.2016.

The vendor charged interest at 10% p.a. calculated on half yearly rates. Baba & Co closes their books annually on 30th June. Provide depreciation at 10% p.a. on reducing balance method. Determine the cash price of the machine and show the relevant accounts in the books of Baba & Co.

16. X Ltd purchased machinery for 60,000 on 1st July 2014. It was decided to depreciate it at 10% P.A on Diminishing balance Method on 1st January 2016 purchased machinery for Rs 50,000. On 31 Dec 2015 first Machinery was sold for RS 45,000. Pass Journal Entry and Prepare Machinery and Depreciation Account for the first Five Years.

17. X Ltd of Madras has branch at Trichy and in order to maintain in invoice goods to branch at selling which cost plus 33 1/3 % from the following particulars, prepare Branch Stock, Branch Debtors and Calculate Gross Profit And Net Profit

Stock on 1.1.2014 (IP)	30,000
Cash sales	62,000
Debtors on 1.1.2014	22,800
Credit Sales	72,800
Goods invoiced to branch (IP)	1,34,000
Bad debts	500
Discount Allowed	13,400
Stock on 31.12.2014	26,800
Cash received from Debtors	80,000

SECTION C

Answer any TWO questions.

(2 x 20 =40 marks)

18. X Ltd., of Chennai has a branch at Trichy, invoices goods at cost plus 33 1/3%. From the following particulars, prepare necessary ledger accounts to show the gross profit and net profit under Stock and Debtors system:

	Rs.
Stock on 1-1-2013 (At invoice price)	30,000
Debtors on 1-1-2013	22,800
Goods invoiced to Branch (Invoice price)	1,34,000
Cash sales	62,000
Credit sales	74,800
Cash received from debtors	80,000
Bad debts written off	500
Discount allowed to customers	600
Expenses at the branch	13,400
Shortage of stock	400

19. Mr. Arun purchased a machine from Balu Ltd. for Rs.5,60,000; payment to be made Rs.1,50,000 down and three installments of Rs.1,50,000 each at the end of each year. He depreciates the asset at 10% per annum on Written Down value method. Because of financial difficulties, Mr.Arun, after having paid down payment and the first installment at the end of first year, could not pay the second installment and the Balu Ltd., took possession of the machine.
Pass necessary journal entries in the books of both the parties.

20. The balance sheet of a firm stood as follows on 31.12.2015

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	17000	Cash	6200
Bills payable	1200	Sundry Debtors(less provision of Rs. 1000)	19000
Capital		Stock	22000
A	20000	Plant and machinery	15000
B	20,000	Furniture	1500
C	10000	goodwill	4500
Total	68200	Total	68200

It was decided to sell the business to X Ltd which agreed to allot 6000 fully paid shares of Rs.10 each in full settlement of the purchase consideration. The company assumed all liabilities except Bills Payable and took over all the assets except the bank balance. The partners shared profits and losses in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively.

Give journal entries and prepare ledger accounts of the Firm.

21. M/S Vijay cloth store submitted the following particulars and information about their Departmental stores for the year ended 31st Dec 2013.

Particular	Dept A	Dept B	Dept C
Opening Stock	33,000	27,000	1,05,000
Purchases	90,000	60,000	2,25,000
Wages	15,000	9,000	Nil
Sales	1,80,000	1,20,000	2,70,000
Closing Stock	21,000	72,000	81,000

- Expenses paid : Salary 60,000 Rent 10,800 Printing -4,800 Electricity -2,160 Sundry Exp – 2,850
- Transfer from C to A Rs 6,000 And B RS 63,000
- Salaries RS 48,000 was paid to 20 salesmen on an uniform scale. The numbers of salesmen were 4, 5 and 11 respectively. Allocate the remaining salary in equal proportion to the three departments.
- Space occupied by the departments was equal.
- Printing expenses were to be apportioned in 1:1:2 ratio
- The electricity points in each departments were 3,4 and 9 respectively.

Prepare the departmental Trading and Profit and loss account for the year
