

B. Com. DEGREE (C.B.C.S.S.) MODEL EXAMINATION,2018

Second Semester

FINANCIAL ACCOUNTING- II

Time:3 hrs.

Mark:80

Section - A

Answer any ten questions each question carries two marks

1. What are inter branch transactions?
2. What are departmental accounts?
3. Why goods are invoiced by the head office to branches at selling price?
4. What is branch adjustment account?
5. What is goods in transit?
6. Define branch
7. What do you mean by piecemeal distribution?
8. What do you mean by Realisation account?
9. How Joint Life Policy Reserve is treated during dissolution?
10. What is deficiency account?
11. What is base capital in the context of piecemeal distribution?
12. What is maximum loss?

Section B

Answer any six questions, each questions carries five marks

13. Distinguish between branch and department.
14. Mention the different ways of keeping the accounts of dependent branches by the head office.
15. State the objectives of keeping branch accounts.
16. Explain the objectives and advantages of preparing departmental accounts
17. From the following details prepare branch account in the head office books and ascertain profit or loss for the year 2017

Branch stock on 1-4-2016	15,000
Branch debtors on 1-4-2016	30,000
Petty cash –opening	300
Goods sent to branch	2,52,000
Goods returned by the branch	2,000
Cash sales	60,000
Credit sales	2,28,000
Cheque sent to branch for:	
Salaries	9,000
Rent	1,500
Petty expenses	1,100
Branch stock – closing	25,000
Debtors- closing	48,000
Petty cash –closing	200

18. Differentiate between dissolution of partnership and dissolution of firm?
19. Explain the two methods of piecemeal distribution?
20. Explain Garner Vs Murray rule?

21. What are the modes of dissolution of partnership firm?

Section C

Answer any two questions, each question carries 15 marks

22. Crown industries, Mumbai has a branch at Madurai to which goods are invoiced at cost plus 25%. The branch makes sales both for cash and on credit. Branch expenses are paid direct from head office and the branch remits all cash to the head office. From the following details prepare the necessary ledger accounts in the head office books to calculate branch profit as per stock and debtors system.

	Amount
Goods received from head office at invoice price	60,000
Goods return to head office at invoice price	1,200
Branch stock –opening(invoice price)	6,000
Cash sales	20,000
Credit sales	36,000
Branch debtors-opening	7,200
Cash collected from debtors	32,000
Discount allowed	600
Bad debts	400
Goods returned by debtors	800
Rent and rates	1,800
Branch office expenses	600
Branch stock at invoice price- closing	12,000

23. The following is the trial balance of Kannoor Branch as on 31-3-2017

Particulars	Dr.	Cr.
Purchases	75,000	
Sales		1,40,000
Goods from H.O	15,000	
Wages	5,000	
Salaries	4,000	
Carriage inwards	1,000	
Goods sent too H.O		12,000
Cash at bank	8,000	
Furniture	20,000	
Opening stock	7,000	
Sundry debtors	25,000	
Sundry creditors		13,000
Rent and rates	4,000	
Bills receivable	13,000	
Discount		2,000
Head office account		10,000
	1,77,000	1,77,000
	=====	=====

The branch account in the head office books shows a debit balance of rs.14,000. It is found that goods costing Rs. 3,000 sent by H.O on 24-12-2017 has been received by the branch only on 5th January 2017. It is also noticed that a cheque of Rs. 1,000 sent by the branch in December is received by H.O only in January

Branch furniture required a depreciation of 10%. Salary outstanding at branch amounts to Rs.800. Closing stock at branch is valued at Rs. 22,000

Prepare branch trading P&L account, give incorporating entries and branch account in the books of Head office.

24. A and B were partners in a firm sharing profits and losses equally. Their balance sheet stood as follows on 31-12-2017

Liabilities	Amount	Assets	Amount
Creditors	390000	Cash at bank	30000
Capital-A	60000	Debtors	50000
		Stock	62500
		Furniture	40000
		Plant & Machinery	147500
		B's Capital	120000
Total	450000	Total	450000

The assets were realized as follows

	Amount
Stock-	35000
Debtors	50000
Furniture	20000
Plant & Machinery	70000

The realization expenses amounted to Rs.15000/-. A's private estate was not sufficient even to pay his private liabilities; whereas Rs.5000/- were collected from the private estate of B. Close the books of the firm by opening Realisation A/C, Bank A/C, Creditors A/C, Partners Capital A/C, and Deficiency A/C, assuming that all partners are insolvent.

25. The Balance Sheet of X, Y and Z, sharing profits and losses in the ratio of 2:2:1, as on 31-12-2016 stood as follows:

Balance Sheet

Liabilities	Amount	Assets	Amount
Creditors	7000	Cash at Bank	2000
Loan from X	6000	Debtors	8000
General Reserve	5000	Stock	5000
Capital: X	7000	Plant & Machinery	7000
Y	4000	Land & Buildings	12000
Z	5000		
Total	34000	Total	34000

The firm was dissolved on 31.12.2016. The assets were realized as follows:

	Amount
1 st Realisation	6500
2 nd Realisation	7500
3 rd Realisation	10000

Y took over stock worth Rs.2000/- at the time of third realization. The partners distributed the cash as and when available.

Show the distribution of cash on the basis of proportionate capital method.