

**IMPORTANT**  
**Instructions to Students and Parents/ Guardian**

**Please don't forget to write this in answer script:**

**Name, Subject code, Name of the Subject, Registration Number, Total Number of pages written, Date of Examination, Time, Signature of the students on the first page of the answer scripts along with the parent/ guardian signature (Father/ Mother/ Guardian)**

Register No:

**U3CMC21/ U3CCC2**

**VIRUDHUNAGAR HINDU NADARS' SENTHIKUMARA NADAR COLLEGE**

*(An Autonomous Institution Affiliated to Madurai Kamaraj University)*

**B.Com./ B.Com. (CA) Degree Examinations, April 2020**

**Part III – Core Subject**

**FINANCIAL ACCOUNTING – II**

(For those who joined in June 2018 and afterwards)

Time: 3 Hours

Maximum Marks: 75

**Section – A (10 x 1 = 10 marks)**

**Answer ALL questions. Choose the correct answer**

1. Legacy is \_\_\_\_\_.  
a) revenue expenditure    b) capital expenditure    c) revenue receipt    d) capital receipt
2. Non-trading institution prepares \_\_\_\_\_ a/c.  
a) profit and loss    b) trading    c) capital    d) income and expenditure
3. When the bill is dishonoured \_\_\_\_\_ account is debited in the books of the drawer.  
a) creditor    b) acceptor    c) bills receivable    d) cash
4. Bill drawn without consideration is called \_\_\_\_\_.  
a) trade bill    b) accommodation    c) foreign bill    d) invoice
5. Joint venture account is a \_\_\_\_\_ account.  
a) personal    b) real    c) nominal    d) none of the above
6. \_\_\_\_\_ method is followed when each co-venturer wants to record the transactions in his books.  
a) Separate set of books    b) Memorandum    c) Joint book    d) Invoice price
7. Under \_\_\_\_\_ system, head office opens a separate account for each branch.  
a) final account    b) stock and debtors    c) debtors    d) wholesale branch
8. Carriage inwards is allocated on the basis of \_\_\_\_\_.  
a) sales    b) number of employees    c) purchases    d) floor area
9. Debtors ledger adjustment account is opened in \_\_\_\_\_ ledger.  
a) general    b) debtors    c) sales    d) purchase
10. Purchases for the period ₹ 50,000; sales ₹ 90,000; closing stock ₹ 7,000; manufacturing expenses ₹ 5,000; rate of gross profit on cost is  $33\frac{1}{3}\%$ . Find out the opening stock.  
a) ₹ 7,500    b) ₹ 19,500    c) ₹ 20,000    d) 25,500

**Section – B (5 x 7 = 35 marks)**

**Answer any FIVE questions**

**Answer not to exceed TWO pages**

11. State the differences between receipts and payments account and income and expenditure account.
12. The receipt and payment account for the year ended 31.12.2010 showed a debit balance of ₹ 10,000. From the following particulars, calculate the income from subscription for the year ending 31.12.2010.
  - Subscription outstanding on 31.12.2009 was ₹ 2,000.
  - Subscription outstanding on 31.12.2010 was ₹ 4,000.
  - Subscription received in advance as on 31.12.2009 was ₹ 3,000.
  - Subscription received in advance as on 31.12.2010 was ₹ 2,000.

13. A sold goods to B ₹ 1,000. A purchased goods from C for ₹ 1,000. A drew a bill of exchange for ₹ 1,000 on B and the bill was duly accepted by B and returned to A. A endorsed the bill in favour of C. On the due date the bill was dishonoured. Pass journal entries in the books of A, B and C.
14. A owes B ₹ 21,000. On 1<sup>st</sup> January, 2008 he accepts a bill for 3 months for ₹ 20,000 in full settlement. On the same date B discounts the bill from his bank at 6% p.a. Before the due date, A becomes bankrupt and B receives first and final dividend of 20 paise in the rupee. Pass journal entries in the books of B and A.
15. X and Y undertook jointly to construct a building for a contract price of ₹ 2,00,000 payable as to ₹ 1,50,000 in cash and ₹ 50,000 in fully paid shares of the new company. A joint bank account has been immediately opened in their joint names, X paying in ₹ 50,000 and Y paying in ₹ 30,000. They were to share profits and losses in the proportion of 5/8 and 3/8 respectively. Their transactions were as follows:
- Wages paid ₹ 80,000  
 Materials purchased ₹ 1,00,000  
 Materials supplied by X ₹ 6,000  
 Materials supplied by Y ₹ 2,000  
 Architect's fees paid by X ₹ 2,000
- The contract was completed and the price was duly received. The joint venture account was closed by X taking up all the shares at an agreed valuation of ₹ 45,000 and Y taking up the stock of materials at an agreed price valuation of ₹ 5,000. Show the necessary ledger accounts.

16. Distinguish between joint venture and partnership.

17. The following information relates to Madurai branch: (₹)

Stock on 1 <sup>st</sup> Jan 2004	11,200
Branch debtors on 1 <sup>st</sup> Jan 2004	6,300
Goods sent to branch	51,000
Cash sent to branch for:	
Rent 1,500	
Salaries 3,000	
Petty cash <u>500</u>	5,000
Sales at branch:	
Cash 25,000	
Credit <u>39,000</u>	64,000
Cash received from debtors	41,200
Stock on 31 <sup>st</sup> Dec 2004	13,600

Prepare branch account for the year 2004.

18. The following purchases were made by a business firm having three departments:

Dept A	1,000 units
Dept B	2,000 units
Dept C	2,400 units

At a cost of ₹ 1,00,000

Stock on Jan 1<sup>st</sup> were

Dept A	120 units
Dept B	80 units
Dept C	152 units

The sales were:

Dept A	1,020 units at ₹ 20 each
Dept B	1,920 units at ₹ 22.50 each
Dept C	2,496 units at ₹ 25 each

The rate of gross profit is the same in each case. Prepare the Departmental Trading Accounts.

19. From the following details find out the credit purchases and total purchases:

	₹
Cash purchases	29,000
Opening balances of bills payable	7,500
Opening balance of creditors	20,000
Closing balance of bills payable	2,500
Closing balance of creditors	18,000
Cash paid to creditors	25,000
Bills payable paid during the year	10,500
Purchase returns	1,500
Allowance from creditors	800
Bills payable dishonoured	300

20. Find out credit sales:

Particulars	₹
Bills receivable January 1, 2008	7,250
Debtors	22,500
Bills receivable encashed during 2008	15,000
Cash received from debtors	18,000
Bad debts written off	300
Returns inwards	500
Bills receivable dishonoured	1,500
Bills receivable Dec 31, 2008	6,800
Debtors Dec 31, 2008	17,000

**Section – C (3 x 10 = 30 marks)**

**Answer any THREE questions**

**Answer not to exceed FOUR pages**

21. Explain the different bases adopted for allocation of expenses under departmental accounts.

22. The following particulars relate to an entertainment club for the year ending 31.12.2003:

Receipts	(₹)	Payments	(₹)
To balance b/d	640	By salaries	1,445
To subscription arrears	24	By stationery	240
To subscription current	1,226	By rates and taxes	360
To subscription advance	48	By telephone	60
To profit from canteen	900	By investment	750
To miscellaneous	45	By advertisement	105
To sale of old newspaper	112	By postage	100
To dividends	485	By sundries	350
		By balance c/d	70
	3,480		3,480

Prepare an income and expenditure account and a balance sheet as on 31.12.2003 after making the following adjustments:

- There are 450 members each paying an annual subscription of ₹ 3, ₹ 27 being arrears for 2002 at the beginning of 2003.
- Stock of stationery on 01.01.2003 was ₹ 50 and on 31.12.2003 was ₹ 54.
- Cost of building was ₹ 6,000. Depreciate at the rate of 5% p.a.

23. Ram, for the mutual accommodation of himself and Sankar, draws upon the latter a bill of exchange at 3 months date for ₹ 1,000. The bill is discounted by Ram at 12 per cent and half the proceeds are remitted to Sankar. Sankar, at the same time, draws a bill of exchange at 3 months on Ram for ₹ 5,000. After securing Ram's acceptance the bill is discounted at 12 per cent by Sankar who remits half the proceeds to Ram. Sankar becomes bankrupt before the due date of his acceptance and Ram receives first and final dividend of 20 per cent in the rupee in full satisfaction. Pass journal entries in the books of both the parties.

24. A and B entered into a joint venture in timber. B is to be allowed a commission on sales at 10% and profits are to be shares in the ratio of A 2/3 and B 1/3. A provides timber from stock for ₹ 10,000 and incurs expenses amounting to ₹ 1,000. B pays ₹ 1,000 for unloading and other non-recurring expenses. A drew upon B for ₹ 6,000. The draft was accepted and A got it discounted for ₹ 5,760. B sold 90 per cent of the timber for ₹ 15,000 and took over the remaining timber at cost plus 20 per cent. B settles his account by bank draft. Give the journal entries in the books of both the parties.

25. A trader commenced business as cloth merchant on 01.01.2006, with a capital of ₹ 10,000. On the same day he purchased furniture and fittings for cash ₹ 3,000. From the following particulars obtained from his book kept under single entry, you are required to prepare his final accounts for the year ended 31.12.2006.

	₹
Sales (inclusive of cash ₹ 7,000)	17,000
Purchases (inclusive of cash ₹ 4,000)	15,000
Drawings	1,200
Salaries	2,000
Bad debts written off	500
Business expenses	700

The trader took cloth worth ₹ 500 from the shop for private use and paid ₹ 200 cash to his son. But omitted to record these transactions in his books. On 31.12.2006, his sundry debtors were ₹ 5,200 and sundry creditors ₹ 3,600. Stock on hand on 31.12.2006 was ₹ 6,500.