

KAMARAJ COLLEGE (Autonomous)

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(Affiliated to Manonmaniam Sundaranar University, Tirunelveli)

THOOTHUKUDI – 628 003

(13 Pages)

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UG Degree - End Semester Examinations, November 2025

Second Semester

B.Com/B.Com Banking and E-Commerce/

B.Com Banking and Finance/ B.Com Corporate Secretaryship

Financial Accounting – II

(For those who joined in July 2024 onwards)

Time : 3 Hours

Maximum : 75 Marks

PART – A ($10 \times 1 = 10$ Marks)

Answer ALL Questions

Choose the correct answer:

1. The act governing hire purchase in India is:

(a) 1872

(b) 1930

(c) 1972

(d) 2013

2. The difference between hire purchase price and cash price is
- (a) Down payment (b) Interest
(c) Advance amount (d) Cash price
3. Which type of branch maintain its own books of account
- (a) Dependent branch (b) Sub- branch
(c) Independent branch (d) Local branch
4. Selling expenses should be divided among the different departments on the basis of
- (a) Purchase (b) Space occupied
(c) Sales (d) Assets value
5. Old profit-sharing ratio minus new profit-sharing ratio is equal to:
- (a) Sacrificing ratio (b) Gaining ratio
(c) Capital ratio (d) New ratio
6. Joint life policy A/c is
- (a) A nominal A/c (b) A personal A/c
(c) An asset A/c (d) None of the above
7. Under Garner Vs Murry Rule, the insolvency loss should be borne by solvent partners according to
- (a) Capital ratio (b) Profit sharing ratio

- (c) Final claims ratio (d) Maximum loss ratio
8. A firm is unable to pay its debts when
- (a) A partner is insolvent (b) A partner has debit balance
- (c) The firm is insolvent (d) None of the above
9. The balance sheet includes all except:
- (a) Assets (b) Liabilities
- (c) Shareholders equity (d) Revenue
10. The cash flow statement is divided into how many sections?
- (a) Two (b) Three
- (c) Four (d) Five

PART – B (5 X 5 = 25 Marks)

**Answer ALL Questions choosing either (a) or (b).
Answer should not exceed 250 words.**

11. (a) Calculate interest from the following details
- Cash price: Rs. 20,000
- Rate of interest: 10%
- Down payment: 20%
- Annual instalment
- At the end of the 1st year Rs. 7,600

At the end of the 2nd year Rs. 6,000

At the end of the 3rd year Rs. 5,500

(OR)

(b) Explain the features of hire purchase system.

12. (a) From the following prepare departmental trading and profit & loss account for the year ended 31st December 2015.

	Department A	Department B
Stock on 1-1-2015	54,000	49,000
Purchases	98,000	73,500
Sales	1,69,000	1,35,200
Closing stock	27,600	24,100
Wages	13,400	2,400

The following expenses allocates to respective department of the suitable basis.

Carriage inwards – Rs. 4,900

Discount allowed – Rs. 4,410

Discount received – Rs. 1,330

Advertisement – Rs. 7,380

(OR)

(b) Mr. Raman has a branch at Trichy which sells goods for cash only. The following are the transactions

between branch office and head office for the year 2019

(i) Opening stock at branch on 1-1-2019 Rs.

2,00,000

(ii) Goods supplied to branch Rs. 5,00,000

(iii) Cash sent to branch for rent Rs. 2,000

(iv) Cash sent to branch for other expenses RS.

1,000

(v) Cash received from the branch during 2019

Rs. 6,00,000

(vi) Closing stock at branch 31-12-2019 Rs.

1,50,000

(vii) Petty cash balance 31-12-2019 Rs. 100

Prepare the Trichy branch a/c in the book of head office.

13. (a) Goodwill is valued on the basis of 2 years purchase of average profits of the preceding three years. The profit of previous three years were:

2014 – Rs. 44,000

2015 – Rs. 56,000

2016 – Rs. 68,000

Calculate: (a) Average Profit (b) Value of Goodwill.

(OR)

(b) Ram, Gopal and Kannan were partners sharing profits in the ratio of $\frac{3}{6}$, $\frac{2}{6}$ and $\frac{1}{6}$. Find out new ratio when

(i) Ram retires

(ii) Gopal retires

14. (a) Explain the rule laid down in Garner Vs Murry case.

(OR)

(b) The balance sheet of X, Y and Z who are sharing profits in the ratio of 3: 1: 1 stood as follows on 31-12-2020.

Liabilities	Rs.	Assets	Rs.
Sundry liabilities	1,05,000	Cash	1,000
X's Capital	15,000	Bills receivable	4,000
Y's Capital	10,000	Debtors	25,000
		Stock	40,000
		Plant	30,000
		Goodwill	10,000
		Z's Capital	20,000
	1,30,000		1,30,000

Assets realised Rs. 79,750. Realisation expenses are Rs. 2,000. Prepare realisation account.

15. (a) Briefly explain the advantages of accounting standards.

(OR)

- (b) What are the main objectives of financial statements?

PART – C (5 X 8 = 40 Marks)

Answer ALL Questions choosing either (a) or (b).

Answer should not exceed 500 words.

16. (a) Distinguish between hire purchase system and instalment purchase system.

(OR)

- (b) The Madras Trading Co. purchased a machinery from Bombay Manufacturing Co. on hire purchase agreement on 1.1.2018, paying cash Rs. 10,000 and agreeing to pay further three instalments of Rs. 10,000 each on 31st December each year. The cash price of the machinery is Rs. 37,250 and the Bombay manufacturing Co. charges at 5 %.

The Madras Trading Co. writes off 10% p.a. as depreciation on the Straight line method.

Journalise the above in the books of Hire Purchaser.

17. (a) You are given the following particulars of a business having three departments:

Department	Purchases	Opening stock	Sales
A	1,200 units	120 units	1020 units
B	2,000 units	80 units	1920 units
C	2,400 units	152 units	2496 units

Additional information:

- i.) Purchases were made at total cost of Rs. 92,000
- ii.) The percentage of gross profit on turnover is the same in each case.
- iii.) Purchase and sale prices are constant for the last 2 years
- iv.) Selling price per unit:
 - Dept. A = Rs. 20
 - Dept. B = Rs. 22.50
 - Dept. C = Rs. 25

You are required to prepare department trading account.

(OR)

- (b) The Delhi commercial company invoiced goods to its Chennai branch at cost. The head office paid all the

branch expenses from its bank except petty cash expenses which paid by the branch.

	Rs.	Particulars	Rs.
Stock (opening)	21,000	Discount to customers	4,200
Debtors (opening)	37,800	Bad debts	1,800
Petty cash	600	Goods returned by customers	1,500
Goods sent from H.O	78,000	Salaries	18,600
Goods returned to H.O	3,000	Rent & wages	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
Stock (Closing)	19,500	Allowances	600

From the above details relating to the branch, Prepare:
Branch Stock A/c, Branch debtors A/c, Branch expenses A/c and Branch Profit & Loss A/c.

18. (a) Lokesh and Rajesh are equal partners. Their Balance sheet on 31.12.2018 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	20,000	Cash at Bank	10,000
Capitals A/c		Debtors	20,000
Lokesh	50,000	Stock at cost	15,000
Rajesh	30,000		

		Investment (Cost Rs. 15,000)	12,000
		Fixed assets	43,000
	1,00,000		1,00,000

on the above date, Nithish was admitted on the following conditions:

- (i) The new profit sharing will be 5:3:2
- (ii) Create 10% provision for discount on creditors
- (iii) Value stock at its market value Rs. 20,000
- (iv) Depreciation fixed asset by 15%
- (v) Record investment at its cost
- (vi) Nithish to bring Rs. 20,000 as his capital.

Prepare revaluation A/c, capital accounts of partners and new balance sheet.

(OR)

- (b) Sundar and Kannan are partners in a business sharing profits and losses as $\frac{3}{5}$ and $\frac{2}{5}$ respectively.

Liabilities	Rs.	Assets	Rs.
Creditors	7,500	Cash	1,000
Capitals A/c Sundar	40,000	Debtors	15,000
		Stock at cost	26,000

Kannan	35,000	Bank	6,000
Reserve account	15,000	Furniture	10,000
		Plant & Machinery	39,500
	97,500		97,500

Due to illness, Kannan contemplates to retire. The following revaluation are made:

- (i) Goodwill of the firm is valued at Rs. 15,000
- (ii) Depreciation plant & machinery by $7\frac{1}{2}\%$ and stock by 10%
- (iii) Bad debts provision is raised against debtors at 5% and discount reserve against creditors at $2\frac{1}{2}\%$.

Prepare necessary ledger accounts and balance sheet of Sundar.

19. (a) X, Y and Z are partners, sharing profits and losses in the ratio of 3: 2: 3. Their Balance Sheet as on 31-12-2020 was as follows:

Liabilities	Rs.	Assets	Rs.
X's Capital	2,60,000	Cash	25,000
Z's Capital	1,55,000	Debtors	3,00,000
Creditors	3,40,000	Stock	2,31,000
		Buildings	1,50,000

		Y's Capital	49,000
	7.55,000		7,55,000

The assets realised at Rs. 2,61,000. Creditors were paid Rs. 2,55,000 in full settlement. Expenses on realisation Rs. 2,000. 'Y' became insolvent and only 50% was received from his private assets for the amount due from him.

Prepare necessary ledger accounts to close the books of the firm (Apply Garner Vs Murry decision).

(OR)

- (b) S, M and N decided to dissolve their partnership on March 31, 2020. Their profit-sharing ratio was 3:2:1 and their balance sheet was as under:

Balance Sheet of S, M and N as on March 31, 2020

Liabilities	Amount	Assets	Amount
Capitals:		Land	81,000
S	80,000	Stock	56,760
M	40,000	Debtors	18,600
Bank loan	20,000	N's Capital Account	23,000
Creditors	37,000	Cash	10,840
Provision for doubtful debts	1,200		
General Reserve	12,000		
	1,90,200		1,90,200

The stock of value of Rs. 41,660 are taken over by S for Rs. 35,000 and she agreed to discharge bank loan. The remaining stock was sold at Rs.14,000 and debtors amounting to Rs. 10,000 realised Rs. 8,000. Land is sold for Rs. 1, 10,000. The remaining debtors realised 50% at their book value. Cost of realisation amounted to Rs. 1,200. There was a typewriter not recorded in the books worth Rs. 6,000 which were taken over by one of the creditors at this value. Prepare realisation account.

20. (a) List out the accounting standards issued by ICAI.

(OR)

(b) Distinguish between IND AS and IFRS.