Reg. No. : ..............................................

**Code No. : 12068 E** **Sub. Code : EMCO 21/ FCCO 21/FCCR 21/ FCHO 21/FCPA 21/ FCBF 21/FCBE 21**

B.Com. (CBCS) DEGREE EXAMINATION, APRIL 2025.

Second Semester

Commerce/Corporate Secretaryship/Honours/ Professional Accounting/Banking and Finance/ Banking and E-Commerce – Core

FINANCIAL ACCOUNTING – II

(For those who joined in July 2023 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. In hire purchase system cash price plus interest is known as
   (a) Book value of assets
   (b) Capital value of assets
   (c) Hire purchase price of assets
   (d) Hire purchase charges

2. In the books of hirer, for interest due at the end of the year hire vendor account will be ________

(a) Debited (b) Credited

(c) Rectified (d) Reversed

3. In departmental accounts expenses like director fees, interest is transferred to ________

(a) Balance sheet

(b) Trading account

(c) P and L Appropriation account

(d) General P and L account

4. When goods are transferred from one department to other, the department transferring the goods should be credited and department receiving the goods should be ________

(a) Debited

(b) Credited

(c) Subtracted

(d) Added



5. In the revaluation method of admitting a new partner, how are the gains or losses on the revaluation of assets and liabilities allocated ________

(a) Only to the existing partners

(b) Only to the new partner

(c) To the existing partners in their old profit-sharing ratio

(d) Equally among all partners

6. The partnership may come to an end due to the:

(a) Death of a partner

(b) Insolvency of a partner

(c) Both of above

(d) None of these

7. The purpose of preparing a statement of affairs is to ________ during the dissolution of a partnership.

(a) To calculate the partner's new profit-sharing ratio

(b) To assess the performance of the partnership

(c) To determine the value of goodwill

(d) To verify the assets and liabilities of the partnership

8. The realization account represent ———— in the dissolution process.

(a) Partner's capital accounts

(b) Partner's loan accounts

(c) Distribution of assets and liabilities

(d) Closing stock valuation

9. IFRS ———— deals with First Time Adoption of International Financial Standards.

(a) 1 (b) 2

(c) 3 (d) 4

10. ———— is responsible for the formulation and issuance of Indian Accounting standard (Ind AS).

(a) Ministry of Finance

(b) Institute of Chartered Accountants of India (ICAI)

(c) Securities and Exchange Board of India (SEBI)

(d) National Financial Reporting Authority (NFRA)



PART B — ($5 \times 5 = 25$ marks)

Answer ALL questions choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Explain the features of hire purchase agreement.

Or

(b) Give the proforma for the calculation of cash price and interest in hire purchase system.

12. (a) Using the following information, prepare goods sent to Branch A/c under stock and debtor system:

Goods sent to branch (Cost to H.O.): Rs. 66,000

Goods returned to H.O by branch: Rs. 600

Goods are invoiced to branch at 25% on selling price.

Or

(b) There are two departments in a firm X and Y.

Goods are transferred from Dept. X to Dept. Y at usual selling price. You are required to compute stock reserve on stocks of Dept. Y from the following data

| | | |
|---|---|---|
| G. P. Ratio of Dept. | X : | 25% on cost |
| Opening stock of Dept | Y : | Rs. 50,000 |
| Closing stock of Dept. | Y : | Ra: 75,000 |

13. (a) Distinguish between gaining ratio and sacrificing ratio.

Or

(b) P, Q, R and S are partners in a firm sharing profits in the ratio of 2 : 1 : 2 : 1. On the retirement of R, the firm's goodwill was valued at Rs. 45,000. P, Q and S decided to share the future profits equally. Pass journal entry for goodwill.

14. (a) How do you prepare realisation account when all partners are insolvent?

Or

(b) From the following, distribute cash under proportionate capital method :

Capital of partners

A : Rs. 20,000 B : Rs.10,000

Profit sharing ratio : 3:2

I instalment (Cash) Rs. 5,000

II instalment (Cash) Rs. 2,000

III instalment (Cash) Rs. 1,000



15. (a) Bring out the primary purpose of International Financial Reporting Standards (IFRS).

Or

(b) What challenges might companies face when transitioning to IFRS?

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) X Ltd. purchased 3 milk vans from Super Motors costing Rs. 75,000 each on hire purchase system. Payment was to be made: Rs. 45,000 down and the remainder in 3 equal instalments together with interest @ 9%. X Ltd. writes off depreciation @ 20% on the diminishing balance. It paid the instalment at the end of the 1st year but could not pay the next. Super Motor agreed to leave one milk van with the purchaser, adjusting the value of the other two milk vans against the amount due. The milk vans were valued on the basis of 30%

depreciation annually on written down value basis. X Ltd. settled the seller's dues after three months.

You are required to give necessary journal entries in the books of X Ltd.

Or

(b) Asha purchased a truck on hire purchase system. As per terms he is required to pay Rs. 70,000 down, Rs. 53,000 at the end of first year, Rs. 49,000 at the end of second year and Rs. 55,000 at the end of third year. Interest is charged @ 10% p.a.

You are required to calculate the total cash price of the truck and the interest paid with each instalment.

17. (a) Distinguish between branch accounts and departmental accounts.

Or

(b) From the following information, prepare departmental trading and profit & loss A/c in a columnar form of the three departments of Sharma Dry Cleaners Ltd.



| | Dry cleaning Rs. | Darning Rs. | Dyeing Rs. |
|---|---|---|---|
| Stock 1st Jan. 2020 | 4,00,000 | 3,40,000 | 9,40,000 |
| Stock 31st Dec. 2020 | 3,30,000 | 4,38,000 | 8,17,000 |
| Purchases | 19,59,000 | 6,97,000 | 13,73,000 |
| Sales | 40,00,000 | 20,00,000 | 40,00,000 |
| Wages | 7,28,000 | 3,00,000 | 2,46,000 |

Goods were transferred from one department to another at cost price as follows:

(i) Darning to dry cleaning Rs. 2,400 and to dyeing Rs. 40,200.

(ii) Dyeing to dry cleaning Rs. 25,800 and to darning Rs. 18,000.

(iii) Dry cleaning to darning Rs. 3,000 and to dyeing Rs. 24,000.

| | Rs. |
|---|---|
| Apportion equally : | |
| Stationery | 5,418 |
| Postage | 4,050 |
| General expenses | 2,37,618 |
| Insurance | 10,080 |
| Depreciation | 32,598 |

Rent and taxes Rs. 1,80,000 is to be split in proportion to space occupied. i.e., dry cleaning 4, darning 2, dyeing 2 and other space 2.

18. (a) What is revaluation account? How is it prepared and closed?

Or

(b) X and Y are partners sharing profits in the ratio of 3:2. Their balance sheet stood as under 1.1.2017:

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Creditors | 15,000 | Bank | 5,000 |
| X's capital | 20,000 | Debtors | 10,000 |
| Y's capital | 25,000 | Stock | 15,000 |
| | | Buildings | 30,000 |
| | 60,000 | | 60,000 |

On the above date, Z was admitted as a partner on the following terms :

(i) He will pay Rs. 25,000 as capital

(ii) He will pay Rs. 10,000 as goodwill for 1/5th share in the profits of the firm



(iii) The assets are to be valued as under: Buildings Rs. 40,000, Debtors Rs. 9,000, Stock Rs. 14,000

Prepare Revaluation account, Capital accounts and Balance sheet of the new firm.

19. (a) Give specimen journal entries for dissolution of a firm.

Or

(b) P and G are equal partners. They decide to dissolve the partnership on 31.12.2020 when their balance sheet stood as follows:

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Capitals : | | Machinery | 19,200 |
| P | 48,000 | Buildings | 60,000 |
| G | 48,000 | Stock | 6,960 |
| Creditors | 2,400 | Debtors | 5,760 |
| | | Bank | 6,480 |
| | 98,400 | | 98,400 |

(i) P is to take over the business and pay Rs. 12,000 for goodwill which had not been previously valued. He is also to take over the buildings and stock at book value and machinery at Rs. 18,000.

(ii) During the period upto 31.5.2021, P collects Rs. 4,800 from the firm's debtors and pays the liabilities, getting Rs. 240 as cash discount.

(iii) P also pays dissolution expenses amounting to Rs.480.

Prepare the realisation A/c, partner's capital A/c and bank A/c assuming that settlement was made on 31.5.2021.

20. (a) Elaborate the role of International Financial Reporting Standards (IFRS).

Or

(b) Discuss the recent developments of accounting standards in India.