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

Second Semester

Commerce/Corporate

Secretaryship/Honours/Professional

Accounting/Banking and E-Commerce/Banking and
Finance

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 the books of hire purchaser, depreciation is charged on
 - (a) Credit sales price
 - (b) Cash price
 - (c) Hire purchase Price
 - (d) None of the above

2. The persons who obtained delivery of possession of goods from the owner under the hire purchase agreement is known as
- (a) Purchaser (b) Hirer
(c) Vendor (d) None of the above
3. The purpose of maintaining branch accounts in a business is to _____
- (a) To track employee performance
(b) To monitor overall business profitability
(c) To assess the performance of individual branches
(d) To calculate taxes
4. Efficiency of various departments can be measured by pricing transfers at _____
- (a) Cost Price (b) Market price
(c) Standard Price (d) Average Price
5. Sacrificing ratio is the difference between _____
- (a) New ratio and old ratio
(b) Old ratio and new ratio
(c) New ratio and gaining ratio
(d) Old ratio and gaining ratio

6. Sec 37 of the partnership Act provides interest that the account left by the retiring or deceased partners loan account
- (a) 5% (b) 6%
(c) 8% (d) 4%
7. General reserve at the time of admission of a partner is transferred to
- (a) Revaluation Account
(b) Old partner's Capital Account
(c) Capital Account of all partners, including new partner
(d) None of the above
8. The term 'dissolution of a firm' refers to _____
- (a) The retirement of a partner
(b) The admission of a new partner
(c) The termination of the partnership
(d) The revaluation of partnership assets

9. In the context of financial reporting, the purpose of Accounting Standards (AS) is to
- provide guidelines for internal management decision
 - ensure compliance with tax regulations
 - enhance comparability and consistency in financial statements
 - facilitate marketing and advertising strategies
10. The National Financial Reporting Authority (NFRA) was established in _____
- 2018
 - 2019
 - 2017
 - 2016

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Mr. Ram purchased a Vehicle for Rs.1,50,000 from Mr. Somu on 1-1-2023 payment to be made Rs.40,000 down and Rs.48,000 at the end of the first year and Rs.46,000 at the end of second year and Rs.44,000 at the end of third year. Interest was charged at 6%. Mr. Somu depreciate the vehicle at 10% per annum on written down value method.

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Mr. Somu after having paid down payment and first instalment. The seller took possession of the vehicle, and after spending Rs. 4,000 on repairs of the assets, sold it away for Rs.81,750.

Give journal entries and Ledger accounts in the books of both the parties.

Or

- Give the proforma for the calculation of cash price and interest in hire purchase system.
12. (a) A Ltd of Mumbai has a branch in Mumbai. From the following data, prepare branch stock a/c under stock and debtors system.

Rs.

Goods sent from H.O	50,000
Returns to H.O	1,000
Cash sales	35,500
Credit sales	8,000
Opening stock	10,000
Closing stock	11,000

Or

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- (b) There are two department 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%

Opening stock of Dept. Y: Rs.50,000

Closing stock of Dept. Y : Rs.75,000

13. (a) How is goodwill treated as the time of admission of a new partner?

Or

- (b) Ram, Raj and George are partners sharing profits in the ratio of 5:3:2. According to get a minimum amount of Rs. 10,000 as his share of profits every year. The net profit for the year 2023 amounted to Rs.40,000. Prepare the profit and loss appropriation account.

14. (a) A, B and C were partners in a firm sharing in the ratio of 2:2:1 respectively. Several policies were taken by the firm on the lives of partners A for Rs.20,000; B for Rs.25,000 and C for Rs. 15,000. The annual premium was charged to profit and loss account. B died and the policies realized. The

surrender value of the remaining policies on the date of B's death were 40% of the sum assured. The premium paid are treated as expenses. Give journal entries relating to the life policies on B's death.

Or

- (b) What are the accounting treatment should be followed when all the partners are insolvent?
15. (a) Explain the importance of Accounting Standards.

Or

- (b) Explain the need for Accounting Standards.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Arun purchased machinery under the hire purchase system from Mr. Tharun. The cash price of the machinery was Rs. 15,000. The payment for the purchase is to be made as follows: On signing the agreement Rs.3,000; end of the first year Rs.5,000; End of the second year Rs. 5,00,000 end of the third year Rs. 5,000 Calculate the amount of interest Included in each instalment.

Or

- (b) A purchased a motor car for Rs.80,000 from Ram & Co on 1.1.2018 payment to be made Rs.20,000 down and Rs.23,000 at the end of first year, Rs. 22,000 at the end of second year and Rs.21,000 at the end of third year. Interest was charged at 5%. A depreciation the motor car at 10% per annum on written down value method.

A, after having paid down payment and first instalment at the end of the first year could not pay second instalment. The seller took possession of the car and after spending Rs.4,000 on repairs of the asset, sold it away for Rs.48,000.

Give journal entries and prepare Ledger accounts in the books of both the parties.

17. - (a) A Madurai merchant has a branch at Chennai to which goods are sent at cost plus 25%. The branch keeps its own sales ledger and remits all cash received to the head office every day. All expenses are paid from the head office. The transactions for the branch were as follows.

	Rs.	Rs.
Stock (1.1.2020)		
(invoice price)	11,000	
Debtors (1.1.2020)	100	600

Cheques sent to branch:

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	Rs.	Rs.
Petty cash (1.1.2020)	100	Wages 200
Cash sales	2,650	Salary 900
Credit sales	23,950	Stock (31.01.2020)
Goods sent to branch (invoice price)		(invoice price) 13,000
Goods returned to head office	20,000	Debtors (31.01.2020) 2,000
Bad debts	300	Petty cash (31.01.2020) (including miscellaneous income Rs.25 not remitted) 125
Allowances to customers	250	Collection from debtors 21,000
Returns inwards	500	

Prepare the branch trading and profit and loss account and branch account for the year 2020

Or

- (b) The following purchase were made by business house having three department.

Dept.A – 1,000 units

Dept.B – 2,000 units as a total cost of Rs. 1,00,000

Dept. C – 2,400 units

Stock on 1st January were:

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Dept.A – 120 units

Dept.B – 80 units

Dept.C – 152 units

Sales were:

Dept.A – 1020 units at Rs. 20 each

Dept.B – 1920 units at Rs. 22.50 each

Dept.C – 2,496 units at Rs. 25 each

The rate of gross profit is the same in each case. Prepare Departmental trading account.

18. (a) Why it is necessary to revalue assets and liabilities on admission of a partner? Explain it.

Or

- (b) The following was the balance sheet on 1.1.2021. X, Y and Z who were equal partners.

Liabilities	Rs.	Assets	Rs.
Capital account: X	16,800	Machinery	29,500
Y	12,600	Furniture	12,400
Z	6,000	Debtors	10,800
Bills payable	13,300	Stock	11,400
Creditors	16,000	Cash at bank	600
	<u>64,700</u>		<u>64,700</u>

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They agreed to admit 'D' into partnership and give him a fourth share in the profits on the following terms.

- The D should bring in Rs.9,000 for goodwill and Rs. 15,000 as capital
- That one half of the goodwill shall be withdrawn by old partners
- That stock and furniture be depreciated by 10%
- That a provision of 5% on debtors be created
- That a liability for Rs. 1,080 be created against bills discounted
- That the value of the buildings having appreciated at Rs. 27,000

Prepare revaluation account., capital account and opening Balance sheet of the new firm.

19. (a) A and B were in equal partnership, their balance sheet stood under on 31st March 2023 when the firm was dissolved.

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	3,200	Cash at bank	180
A's capital a/c	400	Debtors	500

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Liabilities	Rs.	Assets	Rs.
		Machinery	1,200
		Stock	400
		Furniture	300
		B's Drawings	1,020
	<u>3,600</u>		<u>3,600</u>

The assets realized as under :

Machinery Rs.600, Furniture Rs. 100, Stock Rs. 300, Debtors Rs. 400

The expenses of realization amounted to Rs. 140. A's private estate is not sufficient even to pay his private debts where as in B's private estate there is surplus of Rs. 140 only. Prepare necessary accounts.

Or

(b) Explain the different modes of Dissolution.

20. (a) What are the types of financial statements?

Or

(b) Explain the characteristics of financial statements.