

SUPPLEMENTARY EXAMINATION-2020

B.Com 2<sup>nd</sup> YEAR (1+1+1) GENERAL

SUBJECT: FINANCIAL ACCOUNTING-II

TIME: 2 Hrs.

FULLMARKS:50

Answer any 5 (five) from the following:

5X10

1. State in brief the fundamental assumption of AS 1.
2. The following is the Balance Sheet of A Ltd. as on 31/12/19:

Liabilities	Rs.	Assets	Rs.
10000 equity shares of Rs. 10 each	100000	Fixed assets	130000
900 10% preference shares of Rs 100 each fully paid up	90000	Investments	53000
100 12% preference shares of Rs 100 each, Rs. 80 paid up	8000	Stock	67000
Securities premium	7000	Debtors	30000
Capital redemption reserve	42000	Bank	32000
Reserve fund	41000		
Creditors	24000		
	312000		312000

On 1/1/2020 decision was taken to redeem the preference shares at 10% premium. Investments costing Rs. 20000 were sold for Rs.22000 and minimum no. of equity shares were issued at 10% discount. Pass necessary journal entries.

3. A Ltd. has two departments X and Y. From the following particulars prepare departmental and general trading and P/L a/c:

	Dept. X Rs.	Dept. Y Rs.
Stock (1/1/19)	150000	25000
Sales	1100000	220000
Purchases	600000	115000
Rents and rates	10000	15000
Wages	100000	30000
Stock (31/12/19)	100000	20000
Advertisement Rs. 15000.		

4. A machinery is sold on hire purchase. The terms of payment are 4 annual installments of Rs. 6000 at the end of each year, commencing from the date of agreement. Interest is charged at 20% p.a. and is included in annual payment of Rs. 6000. Show Machinery a/c and Hire vendor a/c when the vendor repossessed the machinery for nonpayment of 3<sup>rd</sup> installment

5. A ltd. has a branch at Kolkata where it sends good at cost plus 50%. From the following prepare Branch a/c:

	Rs.		Rs.
Stock at cost (1/4/19)	20000	Bad debt	200
Debtors (1/4/19)	18000	Sales return to branch	3000
Cash (1/4/19)	5000	Expenses paid by H.O.	10000
Goods sent to branch (IP)	99000	Cash remitted to H.O.	80000
Cash sales	27000	Cash (31/3/19)	6000
Credit sales	79000	Stock (IP) (31/3/19)	27000
Normal loss	2000	Debtors (31/3/19)	30000

6. A Ltd. issued 8% debentures of Rs 300000 in earlier year on which interest is payable half yearly on 31 March and 30 September. The company has power to purchase own debenture in open market for cancellation thereof subsequently. The following purchases were made during the year 2019-20 and cancellation were done on 31/3/20:

On 1/4/19 Rs 50000 nominal value purchased for Rs.49450 ex-interest. On 1/9/19 Rs 30000 nominal value purchased for Rs 30250 cum-interest. Pass necessary journal entries.

7. K Ltd made a public issue of 15000 equity shares of Rs 10 each at a premium of Rs. 5 per share payable as; on application Rs 5, on allotment Rs 8 (including premium) and the balance on 1st call. Applications were received for 24000 shares. No allotments were made for 4000 shares and money was refunded. Pro-rata allotments were made to the applicants for 20000 shares. Mr. S failed to pay allotment money for 150 shares and Mr. B failed to pay call money for 50 shares. All the shares were duly forfeited. Pass necessary journal entries and prepare Balance Sheet in the books of K Ltd.

8. A, B, C and D were partners sharing P/L in the ration of 4:1:2:3. The Balance of their firm as on 31/3/20 were as under:

Liabilities	Rs.	Assets	Rs.
Creditors	300000	Debtors	300000
A's capital	620000	Cash	130000
D's capital	240000	Stock	200000
General reserve	250000	Investments	70000
Bank loan	60000	Machinery	310000
Provison for bad debt	50000	B's capital	220000
		C's capital	190000
		Preliminary expenses	50000
	<b>1520000</b>		<b>1470000</b>

On 31/3/20 the firm is dissolved and the following points are agreed upon:

i. A is to take over 40% of debtors at 80% of book value.

ii. D is to take stocks at 95% of the value.

iii. C is to discharge the sundry creditors.

iv. Other assets were realized as ; fixed assets Rs. 300000, investments at book value, debtors Rs. 178000.

The realization expenses were Rs. 30000. B is declared insolvent and Rs. 20000 is realized from his estate.

Prepare realization a/c, Partners' capital a/c as per Garner vs Murray rule.

9. From the following trial balance of A Ltd. prepare P/L a/c and balance Sheet as on 31/3/20:

Particulars	Debit (Rs)	Particulars	Credit (Rs)
Advance tax 18-19	72600	Equity share capital (Rs 10)	800000
Advance tax 19-20	65000	9% Debentures	200000
Commission paid	8800	Reserve	252000
Bank	18000	P/L a/c (10/4/19)	31500
Stock 31/3/19	122000	Provision for tax 18-19	70000
Land	271000	Accumulated dep. On building	52000
Building	612000	Accumulated dep. On machinery	386000
Machinery	626200	Accumulated dep. On vehicle	86000
Vehicle	167700	Gross profit	563200
Debenture interest paid	18000	Creditors	168000
Interim dividend paid	40000		
Corporate dividend tax paid @15%	6000		
Remuneration paid to MD	52000		
Establisment expenses	94400		
Debtors	435000		
	<b>2608700</b>		<b>2608700</b>

Additional information:

- i. Provide auditor's fee Rs 13000.
- ii. Closing stock is valued at Rs. 180000.
- iii. Tax for the financial year 18-19 is assessed at Rs 75000.
- iv. Provision for income tax to be made at 35% for 19-20.
- v. Depreciation on building, 15% on machinery and 10% on vehicle.
- vi. Further dividend @ 12% is proposed during 19-20.

10. Discuss the features of independent branch.

11. Discuss the procedure of piecemeal distribution of assets under surplus capital method.

12. Discuss the method of accounting under Hire Purchase Trading Account and Hire Purchase Stock Debtors system.