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(Pages : 3)

Reg. No.....

Name.....

**B.A. DEGREE (C.B.C.S.) EXAMINATION, JUNE 2018**

**Second Semester**

B.A. Corporate Economics (Model III)

Core Course – EC 2CRT 07 – FINANCIAL ACCOUNTING – II

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer any ten questions.*

*Each question carries 2 marks.*

1. What is dependent branch?
2. What is stock reserve?
3. Define departmental accounting.
4. Define Partnership.
5. Write a short note on fluctuating capital system.
6. What is memorandum revaluation account?
7. X and Y are partners sharing profits and losses in the ratio of 3 : 2. Z was admitted as a partner with  $\frac{1}{4}$ <sup>th</sup> share in the future profits. Find out the new profit sharing ratio?
8. What do you mean by joint life policy?
9. What is realisation account?
10. What are the grounds of dissolution of firm through court?
11. Write journal entries to record the following transactions under Stock and Debtors system :
  - (a) Goods transferred to other branches.
  - (b) Branch expenses paid by HO.
12. Write a short note on independent branch.

(10 × 2 = 20 marks)

**Part B**

*Answer any six questions.*

*Each question carries 5 marks.*

13. What do you mean by Cash-in-transit and Goods-in-transit?
14. How does branch differ from departments?

**Turn over**

15. Define partnership deed. State some of the contents of partnership deed.
16. Define Goodwill. Explain different methods of valuing goodwill.
17. How does realisation account differ from revaluation account?
18. On 31st December 2015, HO account in Trivandrum branch book shows a credit balance of Rs. 48,000. On the same day, Trivandrum branch account in HO book shows a debit balance of Rs. 56,000. On verifying the books it is found that goods sent by HO to the branch but not received by the branch before the closing date amounted to Rs. 6,000. Show how the adjusting entries will appear in the books of HO and Branch.
19. P and Q are partners in a firm sharing profits in the ratio of 3 : 2. On 1st January 2015, they admitted R as a new partner for  $\frac{1}{4}$ <sup>th</sup> share in the profits. R brought in Rs. 1,50,000 for his capital but could not bring in any amount towards his share of goodwill. The firm's goodwill on the date of admission of R was valued at Rs. 1,20,000. Pass the necessary journal entries in the books of the firm.
20. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Y retires. X and Z together determining the entire capital of the firm at Rs. 1,50,000 in the profit sharing ratio. The capital accounts of X and Z show a balance of Rs. 80,000 and Rs. 60,000 respectively after Y's retirement.  
Show the capital required for each partner, and the amount of surplus on deficiency of each partner as the case may be. Also give entries if adjustment is made by cash.
21. Explain the different modes of dissolution of a partnership firm.

(6 × 5 = 30 marks)

**Part C***Answer any two questions.**Each question carries 15 marks.*

22. Mention the main features of partnership. What are the important provisions in the Partnership Act in the absence of agreement between the partners.
23. Mr. Arun of Agra has opened a Branch at Kottayam which sells goods for cash only. The following are the transactions between Branch Office and HO for the year ended 31st December 2015.

Opening stock at 1st January 2015	–	Rs. 4,00,000
Goods supplied to branch	–	Rs. 10,00,000
Cash sent to branch for Rent	–	Rs. 4,000
Cash sent to branch for other expenses	–	Rs. 2,000
Cash received from branch during 2015	–	Rs. 12,00,000
Closing stock at 31st December	–	Rs. 30,000
Closing cash balance at 31st December	–	Rs. 200

From the above, pass journal entries and prepare Kottayam Branch Account.

24. X, Y and Z are sharing profits in a business in a business in the ratio of 3 : 2 : 1. Their Balance Sheet on 31<sup>st</sup> December 2017 was as under :

<i>Liabilities</i>	Amount Rs.	<i>Assets</i>	Amount Rs.
Sundry Creditors	10,000	Cash	5,000
Loan from D	20,000	Debtors	10,000
Capitals :		Stock	20,000
X	20,000	Plant	50,000
Y	20,000		
Z	15,000		
	85,000		85,000

Z retires on this date. The following arrangement is agreed upon :

- (i) The value of the firm's goodwill is Rs. 15,000. Z's share of the same is to be adjusted in the accounts of X and Y.
- (ii) The assets are revalued : Stock Rs. 25,000, Plant Rs. 52,000.
- (iii) A provision for bad debts is to be created on debtors at 10%.
- (iv) The amount due to Z is to be transferred to a loan account in his name.

You are required to prepare capital accounts of the partners and the Balance Sheet of the business.

25. A and B were partners sharing profits and losses equally. On 31st March 2017, A and B had capitals of Rs. 22,000 and Rs. 18,000 respectively. They had general reserve Rs. 6,000 and creditors Rs. 20,000. They had cash balance of Rs. 4,000 on 31st March 2017. They determined to dissolve the firm. Their assets realised was Rs. 70,000 and paid Rs. 16,000 to creditors. The cost of winding up was Rs. 500. Prepare necessary ledger accounts to close the books of the firm.

(2 × 15 = 30 marks)