

B. Com. 2nd Semester (Honours) Examinations, 2021

COMMERCE

Course ID: 21211

Course Code: BCOMH/201/C-3

Course Title: Financial Accounting – II

Full Marks: 40

Time: 2 Hours

The figures in the margin indicate full marks

Candidates are required to give their answer in their own words as far as practicable

1. Answer *any five* of the following questions: (2x5=10)

- a) What is Sacrificing Ratio?
- b) What is the decision in 'Garner vs Murray' case?
- c) What is Branch Accounting?
- d) What is meant by Instalment Payment System?
- e) Why is Departmental Account prepared?
- f) What is Self Balancing System ?
- g) What is a Voyage Account?
- h) What is Shortworkings?

2. Answer *any four* of the following questions: (5x4=20)

- a) A and B and C are partners sharing profits and losses in the ratio of 4:2:1. They admit D for 1/4th share. For purpose of admission of D, the goodwill of the firm should be valued on the basis of 2 years' purchase of last three years' average profits. The profits were 2018 Rs. 1,24,000; 2019 Rs. 1,20,000; 2020 Rs. 80,000. Calculate the value of goodwill and journal entries in the books of firm assume that D does not pay his share of goodwill.
- b) What are the benefits of selling goods on sale or approval basis?
- c) X Ltd. entered into an installment agreement with Z Ltd. for the purchase of one machine on 1st January, 2016. The payment being made Rs. 10,000 on signing the agreement and thereafter Rs. 10,000 annually for 3 years. The cash price of the machine is Rs 35,950. Depreciation is written off @ 10% p.a. on the diminishing balance of the cash price. Show the necessary journal entries in the books of X Ltd. for the two years only.
- d) Distinguish between Hire Purchase sales and ordinary sales.
- e) From the following details regarding RC branch of Kolkata Trading Co. prepare Branch account in the books of Head Office in respect of the year 2020:

Stock on 1.1.2020	12,000	Return to head office	4,800
Stock on 31.12.2020	9,600	Bad debt	600
Debtors on 1.1.2020	10,000	Discount allowed	310
Debtors on 31.12.2020	11,500	Return from customers	3,000
Goods sent to branch during 2020	42,000	Expenses paid by head office:	
Cash sales	25,800	- salaries & wages	8,400
Credit sales	36,000	- rent (from 1.1.2020 to 31.03.2020)	5,250
Normal loss	2,000	- sundry expenses	3,600

f) Distinguish between branch accounts and departmental accounts.

3. Answer any one of the following questions:

(10x1=10)

a) Dhanbad Coal Company took the lease of a coal- field from Eastern coalfield Ltd. for a period of 10 years from 1st January, 2016, at a royalty of 50 paise per tonne of coal raised with a “Minimum Rent” of Rs.4,000 per year. Shortworkings can be recouped in the subsequent two years.

The annual raisings were as follows:

2016-5000 tonnes; 2017-7000 tonnes; 2018- 9000 tonnes; 2019 -10000 tonnes; 2020- 8000 tonnes.

Show the Royalty Account, Short workings Account and Landlord Account in the books of Dhanbad Coal Company from 2016 to 2020. 10

b) The following is the Balance Sheet of A, B and C, a partnership business sharing profits and losses 4:2:1, as at 31st Dec. 2020:

Labilities	Rs.	Rs.	Assets	Rs.
Capital:			Goodwill	15,000
-A	45,000		Stocks	22,500
-B	30,000		Debtors	16,500
-C	<u>25,000</u>	1,00,000	Land & Building	30,000
Bills Payable		3,000	Machinery	39,750
General reserve		10,500	Motor Van	7,750
Creditors		<u>22,500</u>	Cash	<u>4,500</u>
		<u>1,36,000</u>		<u>1,36,000</u>

On the same day A retired from the business and following adjustments were made:

(i) Firm’s Goodwill was valued at Rs. 36,000.

(ii) Assets and liabilities are revalued as: Stock Rs. 18,000; Land & Building Rs. 33,900; Debtors Rs. 15,750; Machinery Rs. 37,500; Creditors Rs. 21,000.

(iii) B to bring in Rs. 30,000 and C Rs. 7,500 as additional capital.

(iv) A was to be paid Rs. 24,300 in cash and the balance of his capital account to be transferred to his loan account.

Prepare Revaluation account, Partners' Capital account and Balance Sheet of the firm after A's retirement.

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