



**Credit Based Second Semester B.Com. Degree
Examination, May/June 2016
(2014-15 Batch Onwards)
FINANCIAL ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes wherever necessary.

SECTION – A

Answer **any four** questions :

(4×6=24)

1. Give the meaning of :
 - i) Pro-forma Invoice
 - ii) Account sales.
2. What is Interest Suspense Account ? When is it opened ?
3. Amar purchased a machine from Akbar Machinery Ltd., on hire purchase system on 1st January, 2013 payable Rs. 10,000 down and the balance as under :

Rs. 13,000 at the end of the first year
Rs. 12,000 at the end of second year
Rs. 11,000 at the end of third year

Interest is charged at 10% p.a. Ascertain the cash price.
4. A fire occurred on 31st August, 2015 in the warehouse of Mr. Nirmal Kumar. From the following particulars ascertain the loss suffered by the trader.

Stock on January 1, 2015	Rs. 18,000
Purchases from January 1, 2015 to the date of fire	Rs. 1,80,000
Wage and other manufacturing expenses	Rs. 21,500
Sales from January 1, 2015 to the date of fire	Rs. 2,50,000

The rate of gross profit is 25% on sales.
The stock salvaged was Rs. 5,500.
5. On 1st January, 2015, Chaithanya drew a 3 months bill on Bhakta for Rs. 50,000. Bhakta sent the bill to his banker for collection. The bill was dishonoured on the due date and banker paid the noting charges of Rs. 100. Pass journal entries in the books of Chaithanya and Bhakta.



6. From the following particulars, find out credit sales by preparing total debtors account.

	Rs.
Opening debtors	60,000
Cash received from debtors	3,55,000
Cheques received from debtors	45,000
B/R received during the year	20,000
B/R honoured during the year	5,000
Cheques from debtors dishonoured	2,000
Bad debt written off	5,000
Sales return	4,000
B/R dishonoured	1,000
Provision for doubtful debts	500
Closing debtors	68,000

SECTION – B

Answer **any four** questions :

(4×12=48)

7. Explain the features of Instalment System. Distinguish between Hire Purchase System and Instalment System.
8. What are the merits and demerits of Single Entry System ?
9. Ramraj Ltd., sent 100 bicycles costing Rs. 2,500 each to Jayaraj Ltd., to be sold at the risk of the consignor. Jayaraj Ltd., was to get a commission at 6% on bicycles sold. Ramraj Ltd., paid Rs. 6,000 towards freight and insurance. Jayaraj Ltd., took delivery of consignment by paying Rs. 2,000 for carriage and unloading and Rs. 4,000 for salesmen's salaries, godown rent etc. Jayaraj Ltd., sold 50 bicycles at Rs. 2,800 each for cash and 30 bicycles at Rs. 3,000 each on credit. Jayaraj Ltd., settled their account with Ramraj Ltd.
Prepare Consignment Account and Jayaraj Ltd. Account in the books of Ramraj Ltd.
10. Smart Motors Ltd., sold a motorcycle on instalment basis to Arun on 1st January 2013. The cash price was Rs. 29,800. Rs. 8,000 was to be paid on delivery and the balance in three instalments of Rs. 8,000 each at the end of each year. Smart Motors Ltd., charged interest at the rate of 5% p.a.
Pass journal entries in the books of Arun under interest suspense method. Arun depreciated the asset at 10% p.a. on the reducing balance method.



11. A fire occurred in the premises of Mr. Agni Mehta on 1-4-2015 and the value of stock saved was Rs. 36,000. The following information was obtained :

	Rs.
Purchases for the year 2014	17,76,000
Sales for the year 2014	23,20,000
Purchases from 1 st January, 2015 to 1 st April, 2015	3,64,000
Sales from 1 st January, 2015 to 1 st April, 2015	4,80,000
Stock on 31 st December, 2014	4,84,000
Stock on 1 st January, 2014	2,88,000
Wages during the year 2014	2,00,000
Wages from 1 st January, 2015 to 1 st April, 2015	36,000

There was a practice to value stock at cost less 10%. However, from 31-12-2014, stock was valued at cost plus 10%. Ascertain the amount of claim to be lodged.

12. On 1st Jan. 2016, Khan drew two bills on Gupta for Rs. 15,000, one for Rs. 10,000 payable 2 months after date and the other for Rs. 5,000 payable 3 months after date. Khan discounted the 1st bill at 6% p.a. and endorsed the second bill in favour of Mukherji. The 1st Bill was duly met on maturity but the second bill was dishonoured and Mukherji paid Rs. 100 as noting charges.

Pass Journal entries in the books of Khan, Gupta and Mukherji.

SECTION – C

Answer **any two** questions :

(2x24=48)

13. The books of Kumar Lamani showed the following figures :

	1-1-2015	31-12-2015
	Rs.	Rs.
Cash and Bank	3,400	19,950
Stock	20,000	25,000
Debtors	?	35,000
Creditors	?	18,500
Sundry assets	3,000	3,000

The cash book showed the following figures :

	Rs.
Received from Debtors	1,36,000
Private dividend paid in	2,000
Indirect expenses	19,650
Drawings	4,600
Payment to creditors	1,12,000
Discount allowed by them	1,200

Additional information :

- 1) Cost of goods sold during the year Rs. 1,05,300.
- 2) Kumar Lamani maintains a steady profit at the rate of 25% on sale.
- 3) Bad debt written off during the year Rs. 400 and past debt recovered Rs. 200.

You are required to prepare :

- a) Trading and Profit and Loss Account for the year ending 31-12-2015.
- b) Balance Sheet as on that date.



14. Mr. Gagan purchased 3 trucks costing Rs. 5,00,000 each on hire purchase system. Payment was to be made Rs. 3,00,000 down and the remainder in 3 equal annual instalments together with interest at the end of each year. Rate of interest is charged at 15% per annum. Buyer is depreciating the asset at 20% per annum on written down value method.

Because of financial difficulties, Mr. Gagan after having paid down payment and first instalment at the end of first year, could not pay the second instalment. The seller agreed to leave one truck with the purchaser and repossessed two trucks adjusting its value against the amount due. The repossession was done on the basis of 30% depreciation per annum on the written down value method.

Seller after spending Rs. 70,000 on repair of the asset, sold it for Rs. 6,20,000. Show the ledger accounts in the books of both the parties to record the above transactions.

15. The Alarm Watch Co. Ltd., of Punjab dispatched 1,000 wrist watches costing Rs. 900 each to their agents Mangalore Times Ltd. The pro-forma invoice to Mangalore Times Ltd., was Rs. 1,200 per watch and the commission was fixed at 6% on gross sale proceeds. The agents accepted a bill for Rs. 3,00,000 drawn on them as advance. The Alarm Watch Co. Ltd., incurred the following expenses on consignment :

Freight Rs. 8,000, Cartage Rs. 1,500 and insurance Rs. 2,500.

In transit 100 watches were totally destroyed by fire and Rs. 45,000 were duly received by Alarm Watch Co. Ltd., from the insurer in full settlement.

The consignor received an account sales from agents showing that 700 watches were sold for Rs. 9,80,000 and they paid customs duty Rs. 12,000, clearing charges Rs. 8,000, warehouse rent Rs. 5,000 and sales expenses Rs. 10,000.

The agents remitted a draft for the balance.

Prepare necessary ledger accounts in the books of Alarm Watch Co. Ltd., and Mangalore Times Ltd.

16. On 1st January, 2015, P drew on Q three bills in full settlement of claims of Rs. 9,900 : the first bill for Rs. 2,200 at one month, the second bill for Rs. 3,300 at two months and the third bill for Rs. 4,400 at three months. The bills were duly accepted by Q.

The first bill was endorsed by P to his creditor R on 3rd January, 2015. The second bill was discounted on 5th January, for Rs. 3,280. The third bill was sent to bank for collection on 14th January, 2015.

All the bills were met on maturity except the second bill which was dishonoured, noting charges being Rs. 50. P charged Q Rs. 60 for interest and drew on him a fourth bill for two months for the amount due. Before maturity of the fourth bill, Q became insolvent and a final dividend of 50 paise in a rupee was received.

Pass journal entries in the books of P, Q and R.
