



Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)

Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination – June / July 2021

II Semester

Class : I UG

Time : 3 Hours

Major : B.Com Professional Accounting

Max. Marks : 100

18BCPC04 Fundamentals of Accounting – II

Part A

10 x 1 = 10

Choose the Correct Answer

1. Receipt and Payment account is a CO1 K1
 - a. nominal a/c
 - b. real a/c
 - c. personal a/c
 - d. cash a/c
2. A bill of exchange contains CO1 K1
 - a. an unconditional order
 - b. a promise
 - c. a request
 - d. an order
3. A fire insurance policy is taken up to indemnify capital losses to CO2 K1
 - a. human life
 - b. fictitious assets
 - c. tangible property
 - d. intangible property
4. Consequential loss policy indemnifies CO2 K1
 - a. capital losses
 - b. revenue losses
 - c. budgeted losses
 - d. previous losses
5. The objective of branch accounting is to know CO3 K1
 - a. profit/loss of each branch
 - b. profit/loss of head office
 - c. (a) or (b)
 - d. (a) and (b)
6. Stock reserve in relation to closing stock appears CO3 K1
 - a. on the credit side of branch a/c
 - b. on the debit side of branch a/c
 - c. on the debit side of P&L a/c
 - d. on the credit side of P&L a/c
7. Selling expenses should be divided among the different departments on the basis of CO4 K1
 - a. salesmen
 - b. purchase
 - c. space occupied
 - d. sales
8. Rent & Rates paid are apportioned between the departments on the basis of CO4 K1
 - a. space occupied
 - b. sale
 - c. number of workers
 - d. purchases
9. Under hire purchase system, the risk of loss is borne by CO5 K1
 - a. buyer
 - b. hirer
 - c. hire vendor
 - d. debtor
10. The advance amount to be paid under hire purchase system is called CO5 K1
 - a. cash price
 - b. retail price
 - c. interest
 - d. down payment

Part B
Answer ALL questions

5 x 6 = 30

Each answer should not exceed 400 words or two pages

- 11.a. Find out the amount of salaries to be debited to income expenditure account for 1999 from the details given below: CO1 K2
- | | |
|---------------------------------------|------------|
| Payment made for salaries during 2019 | Rs. 48,000 |
| Outstanding salary as on 31.12.2018 | Rs. 2,000 |
| Outstanding salary as on 31.12.2019 | Rs. 3,200 |
| Prepaid salary as on 31.12.2018 | Rs. 1,200 |
| Prepaid salary as on 31.12.2019 | Rs. 1,600. |
- (or)
- 11.b. On 1st January, 2017, Himanshu, buys goods from sanjay priced at Rs.5,000 subject to a deduction of 20% trade discount. Himanshu accepts a bill for the amount payable 3 months after January 1. The bill is duly met on the maturity date. Pass journal entries in the books of drawer and drawee. CO1 K3
- 12.a. On 31st December 2012, a fire occurred on the premises of a firm which Carried on the business of general merchandise. The following was ascertained from various books, which were saved from fire: CO4 K2
- | | |
|--|----------------|
| Sales from 1 st January to 31 st December 2012 | Rs. 12, 80,000 |
| Purchases from 1 st January to 31 st December 2012 | Rs. 8, 40,000 |
| Stock on hand on 31 st December 2011 | Rs. 2, 36,000 |
- Gross profit for the past five years had averaged at 35% on sales.
- The value of stock salvaged was agreed at Rs.25, 000. Prepare a statement showing amount of the claim on the insurance company. There was no average clause in the policy.
- (or)
- 12.b. A trade intends to take a loss of profit policy with indemnity period of 6 months, however, he could not decide the policy amount. From the following details, suggest the policy amount: CO5 K6
- | | |
|---|--------------|
| Turnover in last financial year | Rs. 4,50,000 |
| Standing charges in last financial year | Rs. 90,000 |
- Net profit earned in last year was 10% of turnover and the same trend expected in subsequent year.
Increase in turnover expected 25%
To achieve additional sales, trader has to incur additional expenditure of Rs.31, 250.
- 13.a. From the following particulars relating to Hyderabad branch for the year ended 31.12.2017, Prepare branch a/c in the head office books: CO3 K3
- | | |
|--------------------------------------|--------------|
| | Rs. |
| Stock at branch on 1.1.2017 | 15,000 |
| Debtors at the branch on 1.1.2017 | 30,000 |
| Petty cash at the branch on 1.1.2017 | 300 |
| Goods sent to branch during 2017 | 2,52,000 |
| Cash sales in 2017 | 60,000 |
| Received from Debtors 2017 | 2,10,000 |
| Credit sales during 2017 | 2,28,000 |
| Cheques sent to branch during 2017: | |
| for Salaries | 9,000 |
| for Rent & Rates | 1,500 |
| for Petty cash | <u>1,100</u> |
| Stock at the branch on 31.12.2017 | 25,000 |
| Petty cash 31.12.2017 | 200 |
| Goods returned by the branch | 2,000 |
| Debtors on 31.12.2017 | 48,000 |

(or)

13.b. List out the objectives of branch accounting. CO1 K3

14.a. The proprietor of a departmental store wished to ascertain approximately the net profit of the X, Y and Z departments separately for the three months ended 31st March 2015. The normal rates of gross profit for the three departments concerned are respectively 40%, 30% and 20% on turnover before charging the direct expenses. The indirect expenses are charged in proportion to Departmental turnover. The following are the figures for the departments: CO5 K6

Particulars	X (Rs.)	Y (Rs.)	Z (Rs.)
Opening stock (1.1.15)	10,000	14,000	7,000
Purchases	12,000	13,500	9,700
Sales	20,000	18,000	16,000
Direct expenses	2,000	1,500	700

The total indirect expenses for the period (including those relating to other departments)

Were Rs.5,400 on the total turnover of Rs.1,08,000.

Prepare a statement showing the approximate net profit, making a stock reserve of 10% for each department on the estimated value on 31.3.15.

(or)

14.b. Modern company has two departments X and Y. Department X sells Goods to Y department at normal market price. From the following particulars, prepare departmental trading and Profit & Loss account for the year ended 31.12.2017. CO5 K3

Particulars	X(Rs.)	Y(Rs.)	Z(Rs.)
Stock on 1.1.2017	15,000	-	-
Purchases	2,50,000	40,000	-
Goods from department X	-	40,000	-
Wages	15,000	20,000	-
Salaries (departmental)	7,000	5,000	-
Closing stock at cost to the dept.	80,000	20,000	-
Sales	2,60,000	1,45,000	-
Printing & stationery	2,500	1,500	-
Machinery	-	15,000	-
Advertisement	-	-	12,000
Salaries (general)	-	-	18,000

Depreciate machinery by 10%. The general unallocated expenses are to be apportioned in the ratio of 2:1 to the departments X and Y. Half of the closing stock of department Y represents goods received from department X.

15.a. Maheer purchases a car on hire-purchase system on April 1,2016, the total cash price of the car is Rs.3,30,000, payable Rs.1,00,000 on signing of the agreement and three equal annual instalments of Rs.1,00,000 payable on 31st March for 3 years. Interest is charged at 15% per annum. You are required to calculate interest paid by the buyer to sell each year. CO1 K5

(or)

15.b. From the following details of a businessman who sells goods of small value at cost plus 50%, prepare Hire Purchase Trading A/c. CO2 K2

	Rs.
1.1.2015 Stock out with the customers at H.P. Price	9,000
Stock at shop at cost price	18,000
Instalments due but not received	5,000
31.12.2015 Goods worth Rs.500 repossessed (Inst. Not due Rs.2,000)	
Cash received from customers	60,000
Purchases made during the year	60,000
Stock at cost at shop (excluding the goods repossessed)	20,000
Instalments due but not received	9,000
Stock out at Hire-Purchase price with the customers	30,000

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

16.a. Prepare Receipt and Payments A/c of a club for the year ending 31st Dec. 2018 from the following particulars: CO1 K3

	Rs.		Rs.
Opening balance of cash	40,000	Rent paid	1,200
Receipt of entrance fees	8,000	Payment for purchaser of cricket	
Subscription received for 2018	16,000	Balls	500
Previous year's subscriptions Received	1,600	Payment for purchase of cricket bats	1,600
Paid salary	2,000	payment for stationery in cash	100
		Paid for miscellaneous expenses	200.

(or)

16.b. From the following particulars, prepare Income and Expenditure A/c. CO3 K2

	Rs.		Rs.
Fee collected, including Rs.80,000 on account of Previous year	3,80,000 10,000	Meeting expenses	18,000
Salary paid, including Rs.3,000 on A/c of the Previous year	28,000	Travelling expenses	6,000
Salary outstanding at the end Of the year	1,000	Purchase of books and periodical (including Rs.19,000 for purchase of book)	29,000
Entertainment expenses	3,000	Rent	10,000
Tournament expenses	12,000	Postage	15,000
		Printing and Stationary	4,000
		Donation received	20,000

17.a. A fire occurred on 1st July, 2015, in the premises of Arolite Ltd. and business was practically disorganised up to 30th November, 2015. From the books of account, the following information was extracted: CO2 K5

	Rs.		Rs.
Actual turnover from 1 st July, 2015 To 30 th November, 2015	60,000	Insured standing charges for the last financial year	60,000
Turnover from 1 st July, 2014 to 30 th November, 2014	2,00,000	Turnover for the last financial year	5,00,000
Net profit for the last financial year	90,000	Turnover for the year ending 30 th June, 2015	5,50,000
Total standing charges for the year	72,000		

The company incurred additional expenses amounting to Rs.9,000 which reduced the loss in turnover. There was also a saving during the indemnity period of Rs.2,486.

The company holds a 'loss of profit' policy for Rs.1,65,000 having an indemnity period for 6 months. There had been a considerable increase in trade and it had been agreed that an adjustment of 20% be made in respect of upward trend in turnover.

Compute claim under 'loss of profit insurance' assuming that all sales during the indemnity period are because of additional cost.

(or)

17.b. Enumerate the various types of fire insurance policy. CO5 K2

18.a. Onkar corporation Ltd. Has two branches-one at Jaipur and another at Lucknow. Goods are invoiced to branches at cost plus 50%. Branches remit all cash received to Head Office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the "Stock and Debtors System" to show the profit earned at the Jaipur Branch: CO2 K1

Particulars	Rs.
Stock on January 1, 2014	9,300
Debtors on January 1, 2014	6,800
Goods sent to Branch (at cost)	34,000
Sales at Branch	
Cash	25,010
Credit	31,000
Cash collected from Debtors	30,400
Goods returned by branch to H.O.	1,200
Goods transferred from Lucknow branch to Jaipur branch	1,500
Shortage of stock	2,100
Shortage of stock at branch	450
Discount allowed to customers	200
Expenses at branch	5,400

(or)

18.b. A madras merchant has a branch at Pudukkottai 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: CO1 K4

	Rs.		Rs.
Stock (1.1.94) at I.P	11,000	Cheques sent to branch:	
Debtors (1.1.94)	100	Rent	600
Petty Cash (1.1.94)	100	Wages	200
Cash Sales	2,650	Salary	900
Credit Sales	23,950	Stock (31.12.94) at I.P	13,000
Goods sent to branch at I.P	20,000	Debtors (31.12.94)	2,000
Goods returned to head office	300	Petty Cash (31.12.94)	125
Bad debt	300	(Including miscellaneous income	
Allowances to customers	250	Rs.25 not remitted)	
Return inwards	500	Collection from debtors	21,000

Prepare the branch Trading and Profit and Loss A/c and Branch A/c for the year 1994.

19.a The following purchases were made by a business house having three departments. CO5 K6

Dept. A- 1,000 units
 Dept. B- 2,000 units at a total cost of Rs.1,00,000
 Dept. C- 2,400 units

Stocks on 1st January were:

Dept. A- 120 units
 Dept. B- 80 units
 Dept. C- 152 units

Sales were:

Dept. A- 1,020 units at Rs.20 each
 Dept. B- 1,920 units at Rs.22.50 each
 Dept. C- 2,496 units at Rs.25 each

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

(or)

19.b. Trading and Profit & Loss account of Janaki Radio and Gramophone Equipment Co., for the six months ended 31.3.93 is presented to you in the following form. CO5 K6

Purchases	Rs.	Sales	Rs.
Radios (A)	1,40,700	Radios(A)	1,50,000
Gramophones (B)	90,600	Gramophones (B)	1,00,000
Spare parts(C)	64,400	spare parts(C)	25,000
Salaries and wages	48,000	Stock as on 31.3.93	
Rent	10,800	Radios (A)	60,100
Sundry Expenses	11,000	Gramophones (B)	20,300
Profit	<u>34,500</u>	Spare parts(C)	<u>44,600</u>
	<u>4,00,000</u>		<u>4,00,000</u>

Prepare Departmental Accounts for each of the three departments, A, B and C mentioned above after taking into account the following:

- (i) Radios and Gramophones are sold at the show room and spare parts at work shop.
- (ii) Salaries and wages comprise as follows:
 Show rooms $\frac{3}{4}$ and work shop $\frac{1}{4}$
 It was decided to allocate the show room salaries and wages in the ratio of 1:2 between the departments A and B.
- (iii) The work shop rent is Rs.500 per month. The rent of show room is to be divided equally between the department A and B.
- (iv) Sundry expenses are to be allocated on the basis of the turnover of each department.

20.a. Delhi engineering works purchase a machinery on hire purchase system.

The cash price of the machinery is Rs.64,000, the deposit is Rs.6,400 and four annual instalments of Rs.14,400 are to be paid, commencing a year after delivery. In addition, interest is to be paid at 7% on yearly balances and the purchaser is to pay to the seller an insurance premium of 25 paise per annum on the outstanding balances.

Show the Vendor's Account and Insurance Premium Account in the books of the purchaser for the agreement period.

CO2 K5

(or)

20.b. Hari sells goods on hire purchase at cost plus 50%. From the following CO3 K5

Particulars relating to the hire purchase department for the year ending 31st March, 2015, prepare H.P debtors A/c; Shop stock A/c; Stock A/c; H.P adjustment A/c; goods sold on H.P A/c and Stock receive A/c.

	Rs.
April 1, 2014 Stock with hire purchase customer at selling price	4,500
Stock at shop at cost	9,000
Instalments due	2,500
April 1, 2014 to 31 st March, 2015 Cash received from customer	30,000
Hire expenses	1,250
Goods purchased during the year	30,000
March 31, 2015 Instalments due customer paying	4,500
Goods repossessed (instalment due Rs.1,000) valued at	250
Stock at shop at cost (excluding repossessed goods)	10,000

Verify your result by preparing H.P Trading Account.
