

**INDIAN MARITIME UNIVERSITY**  
(A Central University, Govt. of India)  
**End Semester Examinations – June-July 2019**  
**Semester II**  
**B.B.A (Logistics, Retailing and E-Commerce)**  
**Financial Accounting II**  
**(UG31T1203/UG31T2203)**

Date: 12-06-2019

Time: 3 Hrs

Max Marks: 100

Pass Marks: 50

**PART – A**

**(Answer all the Questions)**

10 x 1 = 10

1. In the case of annuity method, the amount of depreciation
  - a. Increases every year
  - b. Fixed throughout
  - c. Decreases every year
  - d. None of the above
2. In a Hire purchase system ownership of good is transferred
  - a. at once
  - b. on payment of first instalment
  - c. after last instalment
  - d. none of the above
3. A Joint life policy is taken
  - a. To cover life insurance of partners
  - b. To indemnify loss of a partner for the firm
  - c. To share proceeds amongst the partners
  - d. None of the above
4. A banking partnership can have not more than:
  - a. 10 partners
  - b. 5 partners
  - c. 50 partners
  - d. None of the above
5. Stock reserve for unrealised profit on interdepartmental transfers is charged to
  - a. Stock a/c
  - b. General P&L a/c
  - c. Reserves and Surplus a/c
  - d. None of the above
6. Branch account under Debtors system is
  - a. Real account
  - b. Personal account
  - c. Nominal account
  - d. None of the above

7. Which of the following is included as Depreciation?
- Depletion
  - Amortization
  - Dilapidation
  - all the above
8. The system of accounting in hire purchase differ according to
- Value
  - Nature of good
  - Size of the Good
  - All the above
9. Maintenance of premises is apportioned among departments based on
- Value of assets
  - Floor space occupied
  - Equally
  - Number of assets
10. In fire insurance claims, the difference between standard turnover and affected period turnover is called
- Standing charges
  - Short sales
  - Average clause
  - Total claim

**PART – B**

**(Answer any six out of eight)**

6 x 7 = 42

11. A company acquired a machine on 1/1/88 at a cost of Rs 40,000 and spent Rs.1000 on its installation. The firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31<sup>st</sup> December each year. Show the Machinery a/c for 3 years.
12. G acquired a plant delivered on April 1, 2010 on the following terms:
- Initial payment of Rs 40,000 immediately; and
  - 4 half-yearly instalments of Rs 30,000 each commencing September 30, 2010. Interest is 10% with yearly rests. What is the cash price?
13. On 1<sup>st</sup> April 1998, an existing firm had assets of Rs 75000/- including cash of Rs 5000. The partners' capital accounts showed a balance of Rs 60,000 and reserves constituted the rest. If the normal rate of return is 20% and the goodwill of the firm is valued at Rs 24000 at 4 years purchase of super profits, find the average profits of the firm.

14. Outline the difference between operating lease and Finance lease
15. What are the salient features of a Hire Purchase contract?
16. Write an explanatory note on Dependent and Independent Branches
17. Give accounting entries for fire insurance claim in the case of  
(i) loss of stock (ii) loss of profits
18. Apportion the following expenses based on the cost of goods sold ratio to the four departments A, B, C, and D  
Sales (Rs): A: 2, 00,000 B: 1, 50,000 C: 1, 00,000 D: 50,000  
GP Ratio: 20% on sales  
Expenses: Salaries -Rs 6000, Rent and Rates-Rs 1500, Insurance-Rs1300

### PART – C

**(Question No.19 is compulsory and answer any three questions from the remaining)**

4 x 12 = 48

19. Show how the following items will appear in the Capital Accounts of the partners, Babu and Gopu when their Capitals are fluctuating:

	Babu Rs.	Gopu Rs.
Capital on 1.1.87	8,00,000	7,00,000
Drawings during 1987	1,60,000	1,40,000
Interest at 5% on drawings	4,000	2,000
Shares of Profits for 1987	84,000	66,000
Interest on Capital at 6%	48,000	42,000
Salary	72,000	Nil

20. On 1<sup>st</sup> January 1996 Baba & Co. purchased a machine on hire purchase basis, the total amount payable being Rs. 42,700. Payment was to be made Rs. 12,000 on that date and balance in three half-yearly instalments of Rs. 11,400, Rs. 10,900, and Rs. 8,400 commencing from 30<sup>th</sup> June 1996. The vendor charged interest @ 10 p.a., calculated on half-yearly rests.

Baba & Co. close their books annually on 30<sup>th</sup> June and provide depreciation @10 p.a on reducing balance method.

Determine the cash price of the machine and show the relevant accounts in the books of Baba & Co.

21. A fire occurred in the premises of Mr. Dheenadayalan on 15<sup>th</sup> August 1995. A large part of the stock was destroyed and Rs. 7,500 was realised for the salvage. For the period from 1<sup>st</sup> January 1995 to 15<sup>th</sup> August 1995, the following information is available:

- (i) Purchase amounted to Rs. 42,500
- (ii) Sales amounted to Rs. 45,000
- (iii) Stock on hand on 1<sup>st</sup> January 1995 was Rs. 20,000 at cost price
- (iv) Goods costing Rs. 2,500 were taken by Dheenadayalan for his personal use.

The previous accounts reveal that the rate of gross profit was 33 $\frac{1}{3}$ % on sale. The insurance policy was for Rs. 25,000 and included an average clause. Prepare the statement of claim to be made on the insurance company.

22. A Madras head office has a branch at Salem to which goods are invoiced at cost plus 20%. From the following particulars, prepare Branch A/c in the head office books:

	Rs.
Goods sent to branch	2,11,872
Total Sales	2,06,400
Cash Sales	1,10,400
Cash received from Branch debtors	88,000
Branch debtors on 1-1-96	24,000
Branch Stock on 1-1-96	7,680
Branch stock on 31-12-96	13,440

23. How does Instalment purchase differ from Hire-purchase?

24. Write short notes on

- (i) Good in transit
- (ii) departmentalization of expenses
- (iii) Average Profits Method in valuation of Goodwill

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