Reg. No. : ....

Code No. : 21033 E **Sub. Code : EMCO 21/ FCCO 21/FCCR 21/ FCHO 21/FCPA 21/ FCBE 21/FCBF 21/ FCCV 21**

B.Com. (CBCS) DEGREE EXAMINATION, APRIL 2026.

Second Semester

Commerce / Corporate Secretaryship / Honours / Professional Accounting / Banking and E-Commerce / Banking and Finance — Core

FINANCIAL ACCOUNTING — II

(For those who joined in July 2023 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. Cash price plus interest is ________.
   (a) Instalment price
   (b) Hire purchase price
   (c) Maximum retail price
   (d) Retail price

2. If the hire purchase fails to make payments of any installment, it is called ________.

(a) Default (b) Sale

(c) Repossession (d) Purchase

3. When goods are transferred from one branch to another branch the ________ account is debited in the books of H.O.

(a) Goods (b) Receiving Branch

(c) Giving Branch (d) Head office

4. When goods transferred from one department to another department is called as ________.

(a) Inter-Departmental transfers

(b) Outer-departmental transfers

(c) Not a transfer

(d) Regular transfer

5. In the absence of an agreement, interest on partner's loan shall be paid at the rate of ________.

(a) 12% (b) 10%

(c) 6% (d) 5%

6. In the case of the retirement of a partner, the retiring partner's capital balance adjusted in the book by ________.

(a) debiting the partner's capital account

(b) crediting the partner's capital account

(c) transferring the balance to the remaining partners

(d) writing off the balance as a loss

7. A, B and C are partners sharing profits in the ratio of 2 : 2 : 1. C retired. The new profit-sharing ratio between A and B will be

(a) 3 : 2 (b) 2 : 1

(c) 1 : 1 (d) 1 : 2

8. The decision in Garner Vs Murray is exactly similar to U/S

(a) 37 (b) 41

(c) 44 (d) 48

9. Accounting standards contributes to regulatory compliance by ________.

(a) allowing companies to ignore regulatory requirements

(b) providing flexibility in financial reporting

(c) aligning financial reporting with regulatory expectation

(d) discouraging companies from complying with regulations

10. Disclosure of Accounting policies dealt in

(a) AS 1 (b) AS 2

(c) AS 3 (d) AS 4

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Enumerate the features of hire purchase agreement.

Or

(b) Raja purchased a truck on hire purchase system. As per terms he is required to pay Rs. 80,000 down, Rs. 43,000 at the end of first year, Rs. 49,000 at the end of second years and Rs. 65,000 at the end of third year. Interest is charges @ 10% p.a.

You are required to calculate the total cash price of the truck and the interest paid with each instalment.

12. (a) Ganesh Limited opened a branch on 1.1.2023 at Mumbai. The figures are given below for the year 2023.

	Rs.
Goods sent to branch	25,000
Sale :	
Cash sale	10,000
Credit sales	18,000
Cash received from debtors	16,000
Discount allowed to them	300
Cash sent to branch for expenses	3,000
Stock on 31.12.2023	4,000

Prepare Branch Account.

Or

(b) Differentiate between Branch and Departmental accounts.

13. (a) The following were the profits earned by Varun and Tharun for the past four years.

	Rs.
2020	40,000
2021	60,000
2022	80,000
2023	1,00,000

You are required to value the goodwill on the basis of 3 years purchase of weighted average profit, assigning weights of 1, 2, 3 and 4 years respectively for the four years.

Or

(b) A and B are partners sharing profit and losses in the ratio of 8 : 6. They admit C as a partner. C acquires his share 4/20 from and 2/20 from B. Find out the New Profit-Sharing ratio and Sacrificing ratio.

14. (a) Differentiate between dissolution of a partnership and dissolution of a firm.

Or

(b) A firm earned net profits during the last four years as follows :

I Rs. 40,000 II Rs. 45,000 III Rs. 50,000 IV Rs. 55,000

The capital employed in the business is Rs. 4,00,000. A fair return on capital having regard to the risk involved is 10%. Calculate the value of goodwill on the basis of 2 years purchase of super profits.

15. (a) Explain how do accounting standards enhance transparency in financial reporting.

Or

(b) What is the meaning of IndAS? List out any six IndAS.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Differentiate between Hire Purchase and Instalments.

Or

(b) Arun Ltd. purchased a machine on hire purchase basis from Varun Machinery Co. Ltd. on the following terms :

(i) Cash price Rs. 80,000.

(ii) Down payment at the time of signing the agreement on 1.1.2023 Rs. 20,000.

(iii) 5 Annual instalments of Rs. 15,000 each, the first to commence at the end of twelve months from the date of down payment.

(iv) Rate of interest is 10% p.a.

You are required to calculate the total interest and interest included in cash instalment.

17. (a) The following information related to Chennai Branch.

	Rs.	Rs.
Stock on 1.1.2021		11,200
Branch Debtors in 1.1.2021		6,300
Goods sent to branch		51,000
Cash sent branch for :		
Rent	1,500	
Salaries	3,000	
Petty Cash	500	5,000
Sales at Branch :		
Cash	25,000	
Credit	39,000	64,000
Cash received from Debtors		41,200
Stock on 31.12.2021		13,600

Prepare Branch account for the year 2021.

Or

(b) From the following particulars prepare Departmental Trading & Profit & Loss Account for the year ended 31.03.2023.

	P	Q
	Rs.	Rs.
Stock on 1.4.2022	34,800	29,400
Purchases	70,000	60,000
Sales	2,40,000	1,60,000
Direct Expenses	16,400	5,400
Rent	18,780	
Salaries	6,000	
Other expenses	7,200	
Lighting	4,200	
Discount Allowed	4,440	
Discount Received	1,300	
Advertising & Publicity	7,360	
Carriage Inwards	4,680	

Other information :

(i) Stock on 31.3.2023 : Dept P — 33,480, Dept Q — 24,100.

(ii) Transfer of goods from Dept P to Dept Q at cost price was Rs. 840.

(iii) Rent, other expenses, lighting, salaries and carriage inwards to be divided in the ration of 2 : 1 between P & Q.

(iv) Discount allowed and received divided on the basis of sales and purchases respectively.

(v) Advertising & Publicity to be divided equally.

(vi) Total depreciation Rs. 4,800 to be divided in the ration of 3 : 2 between P & Q.

18. (a) Explain the various methods of Valuation of Goodwill.

Or

(b) Adithya and Koushik are partners sharing profit and loss in the ratio of 1 : 1. The position of the business as on 31.12.2022 was as under.

Liabilities	Rs.	Assets		Rs.
Adhitya's Capital	60,000	Land and Building		60,000
Koushik's Capital	40,000	Furniture		10,000
General Reserve	10,000	Stock		15,000
Sundry Creditors	30,000	Debtors	10,000	
Bank a/c	5,000	Less : bad debts reserve	500	9,500
		Cash in hand		50,500
	1,45,000			1,45,000

On 1.4.2023 Vishnu was admitted as a partner with 1/5 share in future profits. Following are the terms for his admissions :

(i) Land and building be valued at Rs. 80,000.

(ii) Value of the furniture and stock be reduced by 10%.

(iii) Goodwill Rs. 10,000 brought in cash by Vishnu.

(iv) Vishnu to bring Rs. 20,000 as his capital.

(v) Provision for bad debts be increased to Rs. 1,000.

Prepare necessary ledger accounts and balance sheet of the newly constituted firm.

19. (a) A, B and C who were equal partners dissolved their partnership on March 31, 2022.

Balance sheet of A, B and C as on March 31, 2022

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	40,000	Sundry Assets	40,000
A's Capital a/c	30,000	C's capital	30,000
B's Capital a/c	30,000	P & L a/c	30,000
	1,00,000		1,00,000

Sundry assets realized Rs. 34,000. An amount of Rs. 3,000 received from A and nothing was realized from B and C. Realization expenses amounted to Rs. 900. Prepare necessary ledger account to close the books of the firm.

Or

(b) The following is the balance sheet of Pandian, Cheran, Cholan and Aravind on 31.12.2023. The shared profits and losses in the ratio of 4 : 3 : 2 : 1.

Liabilities	Rs.	Assets	Rs.
Capital :		Fixed assets	20,000
Pandian	15,000	Current assets	6,000
Cheran	10,000	Goodwill	5,000
Cholan	1,500	Aravind's capital	500
Sundry creditors	5,000		
	31,500		31,500

Aravind has no separate assets and liabilities. The partners decided to dissolve the business. Fixed assets realized Rs. 15,000 and current assets realized Rs. 5,000. The Goodwill is valueless. Realization expenses amount to Rs. 1,500. Cheran can contribute only Rs. 250 from his separate resources. Prepare necessary accounts according to Garner Vs Murray assuming that both Cheran and Aravind have become insolvent.

20. (a) Explain the users of financial statements.

Or

(b) Explain the objectives of Accounting Standards.
