

**III Semester B.B.M. Examination, June/July 2010**  
**FINANCIAL ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

1. Answer **any five** sub-questions. **Each** sub question carries **2** marks. **(5×2=10)**
- a) How do you treat abnormal loss in consignment ?
  - b) What are dependent branches ?
  - c) What is overriding commission ?
  - d) What are fixed assets ?
  - e) What are convertible debentures ?
  - f) Give the meaning of gain ratio.

**SECTION – B**

- Answer **any four** questions. **Each** question carries **five** marks. **(4×5=20)**
- 2. Define partnership and describe its essential features.
  - 3. Briefly describe the main characteristics of a joint stock company.
  - 4. What is an account sales ? How does it differ from an Invoice ?
  - 5. Distinguish between a trial balance and a balance sheet.
  - 6. How do you treat outstanding expenses and expenses paid in advance in final accounts ?

**SECTION – C**

- Answer **any five** questions. **Each** question carries **ten** marks. **(5×10=50)**
- 7. Define a debenture. Also enumerate the points of distinction between a debenture and a share.
  - 8. What are the ways in which branch trial balance may be incorporated in the books of account of the head office ?

**P.T.O.**

9. What is meant by goodwill of a partnership firm ? Describe with suitable examples, the different methods of calculating goodwill of a partnership firm.
10. What are financial statements ? Explain their usefulness and limitations.
11. White Ltd, issues 10,000, 12% Secured debentures of Rs. 100 each. Give journal entries if the Debentures are redeemable at par and are issued
- i) at par,
  - ii) at a discount of 2% and
  - iii) at a premium of 3%.
- Also show the entries which will be made if the Debentures are redeemable at a premium of 5% and are issued
- i) at par and
  - ii) at a discount of 2%.
12. X and Y were partners sharing profits in the ratio of 5:4 respectively. On 1<sup>st</sup> April, 2005, they admitted Z as a new partner, all the partners agreeing to share future profits equally. On the date of admission of the new partner, there was a goodwill account in the old firm's ledger showing a balance of Rs. 18,000. The current value of firm's goodwill as placed at Rs. 36,000. Z paid Rs. 50,000 by way of his capital. He also paid an appropriate amount for his share of goodwill. X and Y wrote off the goodwill account before Z's admission. Pass the necessary journal entries.
13. Explain the differences between capital and revenue expenditure.
14. Define hire purchase. Enumerate the points of distinction between hire purchase and installment purchase.
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