BCO-26

Sl.No. :

Total No. of Pages : 4

Second Year B.Com. Degree Examination, May - 2026

(SLM Scheme)

Financial Accounting - II

Time : 3 Hours **Max. Marks : 80**

Instruction : ***Answer all Parts.***

PART - A

Answer any Four Questions. Each Question carries 5 Marks. [4 × 5 = 20]

1) What is Realization Account? How is it prepared?

2) A and B are partners in a firm. Their capital accounts as on 01-04-2024 showed a credit balance of ₹1,00,000 and ₹2,00,000 respectively. On 01-07-2024, A introduced additional capital of ₹60,000 and B introduced additional capital of ₹40,000. On 01-01-2025, B withdrew ₹50,000 from his capital. Interest is allowed at 10% p.a. Calculate the interest payable on the partners' capitals during the year 2024-25.

3) What is Royalty and minimum rent?

4) What are the objectives of keeping branch accounts?

5) Allocate the following expenses in departmental accounts:

a) Carriage inwards

b) Carriage outwards

c) Discount allowed

d) Discount received and

e) Depreciation.

6) Briefly explain the features of Farm Accounting.

PART - B

Answer any Three Questions. Each Question carries 10 Marks.

[3 × 10 = 30]

7) X, Y and Z carried on business in partnership sharing profit and losses in the ratio of 5:3:2. Their Balance sheet as on 31.12.2024 stood at following:

Liabilities	₹	Assets	₹
Creditors	8,000	Cash at bank	3,000
X's Capital	22,000	Debtors	14,000
Y's Capital	20,000	Stock	18,000
Z's Capital	15,000	Furniture	18.000
		Goodwill	12,000
	65,000		**65,000**

Additional information:

Z died on 31-03-2025. Prepare Z's Executor's A/C having regard to the following:

a) Capitals carried interest at 6% p.a.

b) Z's drawings to the date of death from the date of last balance sheet was ₹2,600

c) Z's share of profit up to 31-03-2025 from the date of last balance sheet was to be based on last year's profit.

d) Z's share of goodwill was to be calculated on the basis of 2 years purchase of the average profits of last 3 years.

e) Z's share of salary up to 31-03-2025 from the date of last balance sheet at the rate of ₹525 per month.

f) The annual profits for the last 3 years were: 2022 - ₹16,000, 2023 - ₹18,000 and 2024 - ₹20,000.

8) Fire occurred in the premises of a merchant on 25th May, 2025 and stock of the value of ₹10,000 was salvaged. The following particulars are given:

Stock on 01-01-2024 ₹45,000

Purchases during the year 2024 ₹1,32,500

Return outwards during the year 2024 ₹2,500

Sales during the year 2024 ₹2,05,000

Return inwards during the year 2024 ₹5,000

Stock on 3 1-12-2024 ₹63,000

Purchases from 01-01-2025 to the date of fire ₹42,000

Sales from 01-01-2025 to the date of fire ₹51,500

Returns inwards from 01-01-2025 to the date of fire ₹1,500

Stocks are valued at cost less 10%.

Calculate the fire claim.

9) Write an explanatory note on Government Accounting.

10) Explain the advantages of Human Resources Accounting.

11) What is Investment Accounting? Explain ex-interest price and cum-interest price.

PART - C

Answer any Two Questions. Each Question carries 15 Marks.

[2 × 15 = 30]

12) On 01-01-2022, Bharath printers, purchased a printing machine on Hire Purchase basis as follows:

Down payment on signing the agreement ₹8,000

At the end of 2022 ₹15,200

At the end of 2023 ₹12,000

At the end of 2024 ₹11,000

The vendors charged interest at 10% p.a. Bharath Printers provide depreciation at 20% on the written down value of the machine. Prepare necessary ledger accounts in the books of Bharath printers. Also calculate the cash price of the machine.

13) Prabhu traders, Mangalore is having its branch at Karkala. Goods are invoiced to the branch at cost plus 25%. Branch has been instructed to send all cash daily to HO. All expenses of the branch are paid by HO. From the following particulars relating to the branch, prepare branch accounts in the books of Prabhu Traders and calculate Profit.

Stock on 01-01-2024 at IP ₹1,00,000

Stock on 31-12-2024 at IP₹ 80,000

Debtors on 01-01-2024 ₹70,000

Furniture on 01-01-2024 ₹16,000

Cash on 01-01-2024 ₹4,000

Cash sales ₹5,34,000

Credit sales ₹3,00,000

Cheque sent by HO: For rent ₹16,000, For Salary ₹32,000 and For Petty expenses ₹6,000

Cash collected from debtors ₹2,90,000

Goods supplied to branch ₹7,00,000

Goods returned to HO ₹12,000

Goods returned by customers ₹4,000

Bad debts ₹1,600

Discount allowed to debtors ₹2,400

Petty expenses paid by branch ₹7,000

Salary O/S on 31-12-2024 ₹3,600

Rent prepaid on 31-12-2024 ₹600

Depreciate furniture at 10% p.a.

14) What is Social Responsibility Accounting? Explain the approaches to social responsibility accounting.

15) Explain the concept of accounting for price level changes, highlighting the limitations of historical cost accounting.