B.Com.(A&F) DEGREE EXAMINATION,APRIL 2019
I Year II Semester
ADVANCED FINANCIAL ACCOUNTING

Time : 3 Hours **Max.marks :75**

Section A $(10 \times 2 = 20)$ Marks

Answer any **TEN** questions

1. Define Branch accounting.
2. What is allocation of expenses?
3. What is instalment purchase system?
4. What is sacrificing ratio?
5. Explain the term piece meal distribution.
6. From the following particulars, calculate closing branch debtors balance:

Branch Debtors (1-1-2008)	Rs.6,300
Credit Sales	Rs.39,000
Cash received from debtors	Rs.41,200

7. Apportion the following expenses on the basis of cost of goods sold ratio among 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

   G.P. Ratio: 20% on sales.

   Expenses : Salaries Rs. 6,000 ; Rent and Rates Rs.1,500 ; Insurance Rs. 1,300.

8. There are two departments in a Firm X and Y.

   Goods are transferred from Dept. X to Dept. Y at usual selling price. You are required to compute stock reserve on stocks of Dept. Y from the following data :

G.P. Ratio of Dept. X	25% on Cost
Opening stock of Dept. Y	Rs. 50,000
Closing stock of Dept. Y	Rs. 75,000

9. 'X' purchased a machinery under hire purchase system.

   The term are as follows:

   Cash price - Rs, 14,900, Down payment and 3 annual instalment of Rs. 4,000 each.

   Interest included in the instalment is 5% p.a. Calculate the interest.

10. X and Y were the partners sharing profits in the ratio of 7:3. Z was admitted on 3/7th share in the profits. Calculate new profits sharing profits of the partners.
11. P, Q and R sharing profits in the ratio of 2:2:1. Q retires and the new profit ratio agreed between the continuing partners P and R is 4:3. Calculate gaining ratio?
12. A partnership firm has three partners A, B, C with capitals as A Rs.40,000, B Rs. 20,000 and C Rs.20,000. The partners share profits and losses in the ratio of 3:2:1. You are required to calculate absolute surplus capital under proportionate capital method of piecemeal distribution.

Section B $(5 \times 5 = 25)$ Marks

Answer any **FIVE** questions

13. Distinguish between wholesale and retail branches. What are their special accounting features?
14. What do you mean by departmental accounting? Why are they maintained?
15. Goods Luck Ltd. opened a branch on 1-1-2015 at Calcutta. The following information is supplied to you. Prepare Branch A/c.

	Rs.
Goods sent to Branch	50,000
Sales: Cash Rs.20,000 and credit Rs.36,000	56,000
Cash received from Debtors	32,000
Discount allowed to them	600
Cash sent to branch for expenses	7,000
Stock on 31-12-2015	8,000
Debtors on 31-12-2015	3,400

16. The proprietor of a large retail store wished to ascertain approximately the net profit of the X, Y, and Z departments separately for the three months ended 31st March 2006. It is found impracticable actually to take stock on that date, but an adequate system of departmental accounting is in use, and 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.

	X Rs.	Y Rs.	Z Rs.
Opening stock (1-1-96)	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 31-3-96.

17. X purchased a typewriter on hire-purchase system. As per terms, he is required to pay Rs.800 down, Rs. 400 at the end of the first year Rs. 300 at the end of the second year and Rs, 700 at the end of the third year. Interest is charged at 5% p.a. Calculate the total cash price of the typewriter and the amount of interest payable on each instalment.
18. P and Q are partners in a firm sharing profits in the ratio of 4:3. On1st Jan.2011 they decide to admit 'R' as a partner. R brought in Rs. 60,000 as his capital and Rs. 14,000 for 1/3 rd share of goodwill premium. On R's admission, goodwill appeared in the books of the firm at Rs. 21,000. Record the necessary journal entries in the firm's books on R's admission and also ascertain the new profit sharing ratio and sacrifice ratio.
19. P, Q and R share profits in proportion of 1/2, 1/4, and 1/4 . On the date of dissolution their Balance Sheet was as follows.

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry Assets	40,000
P's Capital	10,000		

Q's Capital	10,000		
R's Capital	6,000		
	40,000		40,000

The assets realised Rs.35,500. Creditors were paid in full. Realisation expenses amounted to Rs.1,500. Close the books of the firm.

Section C $(2 \times 15 = 30)$ Marks

Answer any **TWO** questions

20. A hotel proprietor has two departments viz. Apartment Department and Meals Department. Following is the trial balance of his business

Debit	Rs.	Credit	Rs.
Provisions	15,500	Income from apartment & attendance department	46,000
Stock of provisions in the beginning	1,020	Income from meals department	32,000
Cash in hand and at bank	10,000	Capital	2,20,000
Customer's debit balance	800	Suppliers	9,800
Buildings(1/10th used for meals department)	2,10,000	Provision for depreciation on building	24,000
Furniture and equipment	60,000	Interest	1,130
General expenses	27,410		
Interest accrued	200		
Life Insurance	1,600		
Income tax	400		
Wages	6,000		
	3,32,930		3,32,930

Additional Information:

(a) The servants in the Apartment Dept. had occupied a room worth Rs.120 and took meals worth Rs. 60. Similarly, servants in the Meals Dept. had occupied a room worth Rs. 150 and took meals worth Rs.90.

(b) Wages are charged in the proportion of 1/2 to the Apartment Dept. 1/4th to the provision Dept. and remaining to the general P & L A/c.

(c) Increase provision for depreciation of buildings to Rs. 30,000.

(d) A sum of Rs. 800 representing accommodation Rs. 240 and meals Rs. 560 to be charged to proprietor of the hotel.

You are required to prepare profit & loss A/c and Balance sheet on 31.3.92

21. Knight purchased a truck for Rs.1,60,000 from S. Waugh on 1-1-2003 payment to be made Rs.40,000 down and Rs.46,000 at the end of first year, Rs.44,000 at the end of second year and Rs.42,000 at the end of third year. Interest was charged at 5%. Knight depreciates the truck at 10% per annum on written down value method. Knight after having paid down payment and first instalment at the end of the first year, could not pay second instalment. The seller took

possession of the truck, and after spending Rs. 4,000 on repairs of the asset, sold it away for Rs. 91,500.

Give Journal entries and ledger accounts in the books of both the parties.

22. A and B are partners sharing profits in the ratio 3:2. Following is the balance sheet of the firm as on 31st 2013 :

BALANCE SHEET as on 31st March 2013

Liabilities	Rs	Assets		Rs.
Creditors	38,000	Cash in hand and at bank		10,000
Salary Outstanding	12,000	Debtors	40,000	
Capitals:		Less: Provision for Doubtful debts	4,000	36,000
A 40,000		Bills receivable		15,000
B 38,000	78,000	Stock		18,000
		Investments		14,000
		Furniture		5,000
		Building		30,000
	1,28,000			1,28,000

At this date (when C is to be admitted) it is found that estimated value of provision for doubtful debts is Rs.6,500, furniture Rs.4,500, building Rs.45,000 : while an investment not recorded in the books is worth Rs. 4,300 and a contingent liability of Rs.1,200 has become a certain liability.

C brings in Rs.10,000 as capital for 1/4th share in profits. It has been agreed among the partners that assets and liabilities are to be shown at old values.

Prepare Memorandum Revaluation account and new Balance Sheet after the admission of C.

23. The following is the Balance Sheet of X, Y and Z on 21.3.2014

Liabilities	Rs.	Assets	Rs.
Capital A/c's		Furniture	40,000
X	50,000	Plant & Machinery	20,000
Y	30,000	Stock	40,000
General Reserve	30,000	Sundry Debtors	20,000
Sundry Creditors	40,000	Cash at Bank	12,000
		Z's Capital	18,000
	1,50,000		1,50,000

Z is insolvent but his estate pays Rs.4,000. It is decided to dissolve the partnership,

The assets realised as follows:

Sundry Debtors : Rs. 15,000; Furniture Rs. 28,000.

Stock Rs. 32,000; Plant and Machinery Rs. 14,000.

The dissolution expenses amounted to Rs. 5,000.

Give Accounts to close the books of the firm if the capitals are fluctuating.