

**B.Com(A&F) DEGREE EXAMINATION, APRIL 2020**  
**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. What do you mean by Retail Branch?
2. What is Inter- departmental transfer?
3. What is meant by down payment?
4. What is dissolution of firm?
5. Define partnership.
6. Show what entry would be passed by the Head Office to record the following transaction:
  - a.) Goods amounting to Rs.20,000 sent by the head office to Trichy branch on 20th December and received by the head office on 4th January.
7. How do you allocate the following expenses in department accounts:
  - a. Salaries b. Lighting c. Rent and Taxes d. Discount allowed
8. Allocate the depreciation on furniture amounted to Rs.6,000 between the departments A,B and C. Value of the furniture A – 2,00,000 B – 4,00,000 C – 6,00,000
9. Pass journal entry for the following transaction;
  - a.) Purchase of an asset Rs.1,00,000 (in the books of Hire vendor)
10. A, B and C are partners in a firm sharing profits in the ratio of 4:3:1. You are required to calculate the gaining ratio and also calculate the new ratio:
  - (a) When A retires (b) When B retires
11. P, K are partners in a firm sharing profits and losses in the ratio of 3: 2. L is admitted in to the firm and paying a premium of Rs.2,000 for  $\frac{1}{4}$  th share of goodwill. Give journal entry for goodwill. The new ratio is 3:3:2
12. X and Y are partners sharing profits and losses in the ratio of 3:2. They decided to admit Z into partnership and revalue their assets and liabilities as indicated below:
  - a. Appreciate stock and machinery by Rs.8,000 and Rs.10,000 respectively.
  - b. Sundry creditors written off Rs.6,000Prepare Revaluation account.

**Section B** ( $5 \times 5 = 25$ ) MarksAnswer any **FIVE** questions

13. What are the main objectives of maintaining Branch Account?
14. Explain the advantages of Departmental Accounting.
15. From the following particulars, prepare branch account in the books of head office:

	Rs.
Stock on 1-1-2018	14,000
Goods sent to branch	1,00,000
Branch expenses	18,500
Cash sent by the branch	1,85,000
Stock on 31-12-2018	9,000
Cash in hand on 31-12-2018	200

16. From the following particulars, prepare departmental trading A/C and profit and loss account for the year ending 31st March, 2017

Particulars	Dep X Rs.	Dep Y Rs.
Opening stock	10,000	9,000
Purchases	26,000	27,000
Direct expenses	8,000	19,000
Closing stock	14,000	6,000
Sales	1,00,000	2,00,000

Indirect expenses for the entire business were Rs.3,000 which is to be divided in proportion to sales of the two departments.

17. On 1.1.2017 X purchased machinery on hire purchase system. The payment is to be made Rs.8,000 on signing of the contract and Rs.8,000 annually for three years. The cash price of the machinery is Rs.29,800 and the rate of interest is 5%. Calculate the interest in each year's instalment.
18. Following is the balance sheet of A,B and C who share profit and losses in the ratio of 1:1:1

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Sundry Assets	1,10,000
A	40,000		
B	40,000		
C	30,000		
	1,10,000		1,10,000

The partnership is dissolved on 1.1.2015. The assets were realized as follows:

I instalment : Rs. 10,000 II instalment : Rs. 15,000  
 III instalment : Rs. 25,000

Prepare the statement how the cash is distributed under maximum loss method.

19. X and Y are partners sharing profits and losses in the ratio of 3:2. They decided to admit Z into partnership and revalue their assets and liabilities as indicated below:

- i) To depreciate stock, furniture and machinery by Rs.5,000, Rs.3,000 and Rs.7,000 respectively.
- ii) To provide for Workmen's compensation Rs.6,000
- iii) To bring into record investment of Rs.8,000 which had not so far been recorded into books of the firm.

Prepare Revaluation Account

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

Answer any **TWO** questions

20. Hari Ltd purchased goods for its three departments as follows :

Department A – 1000 units	at a cost of Rs.1,00,000
Department B – 2000 units	
Department C – 2400 units	

Sales of the three departments were as follows:

- Dept A – 1,020 units at Rs. 20 each  
 Dept B – 1,920 units at Rs. 22.50 each  
 Dept C – 2,496 units at Rs. 25 each

The opening stocks of the three departments were:

- Dept A 120 units  
 Dept B 80 units  
 Dept C 152 units

The rate of gross profit is the same in each case. Prepare Departmental Trading Account

21. A and B are partners in a firm. They share profits and losses in the ratio of 3:1. Their balance sheet is as follows :

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Buildings	1,00,000
A	80,000		
B	40,000		
Creditors	60,000	Debtors	70,000
Bills payable	20,000	Cash	5,000
Reserve	40,000	Stock	40,000
		Plant	25,000
	2,40,000		2,40,000

'C' is admitted into partnership for  $1/5^{th}$  share of the business on the following terms.

- Building is revalued at Rs. 1,20,000
- Plant is depreciated to 80%
- Provision for bad debts is made at 5%
- Stock is revalued at Rs. 30,000
- C should introduce 50% of the adjusted capitals of both A and B. Prepare the necessary ledger accounts and Balance Sheet of the new firm.

22. A and B are partners in a firm. They share profits and losses in the ratio of 3:2. Their balance sheet is as follows : The firm was dissolved on 31.12.2013 and the following was the result:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Debtors	19,000
A	70,000		
B	48,000		
Creditors	48,000	Cash	11,500
Reserve	20,000	Stock	46,000
		Machinery	92,000
		Profit and loss a/c	17,500
	1,86,000		1,86,000

The asset realised the following:

Stock Rs.45,000 Debtors Rs.18,500 Machinery Rs.89,500

Expenses on realisation Rs. 1,100

The sundry creditors were paid in full.

Prepare the necessary ledger accounts to close the books of the firm.

23. Mr. Kumar purchased a car for Rs.1,65,000 on 1-1-2017 under the hire purchase system to be paid as Rs.50,000 down payment and 3 equal instalments of Rs.50,000 each at the end of each year. Interest is charged at 15% p.a.

From the above particulars pass journal entries in the books of "Kumar" and Hire vendor.