

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)**

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC) Chromepet,
Chennai — 600 044.

B.Com.(A&F) END SEMESTER EXAMINATION APRIL/NOV - 2021

SEMESTER - II

20UAFCT2003 - Advanced Financial Accounting

Total Duration : 3 Hrs	Total Marks : 75
MCQ : 30 Mins	MCQ : 15
Descriptive : 2 Hrs.30 Mins	Descriptive : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. From the following particulars prepare a branch account showing the profit or loss of the branch.

	Rs.
Opening stock at the branch	15,000
Goods sent to the branch	45,000
Sales	60,000
Salaries	5,000
Other expenses	2,000

Closing stock could not be ascertained but it is known that the branch usually sells at cost plus 20%. The branch manager entitled to a commission of 5% on the profit of the branch before charging such commission.

2. Mr. Ashrith purchased a machine by hire purchase system for Rs.30,000 to be paid as follows:

	Rs.
Down Payment	5,000
At the end of the first year	7,000
At the end of the second year	6,500
At the end of the third year	6,000
At the end of the fourth year	5,500

Interest is charged on the cash value at 10% p.a. At what value should the machine be capitalized?

3. From the following particulars, prepare the Departmental Trading and Profit and Loss A/c for the year ending 31-12-2017.

	Dept X Rs.	Dept Y Rs.
Stock(1-1-2017)	9,000	8,400
Sales	42,000	36,000
Purchases	27,000	21,600
Direct expenses	5,490	8,520
Postage	360	360
Stock(31-12-2017)	10,800	4,800

Indirect expenses for the entire business was Rs.3,900 which are to be divided in the proportion of sales of the two departments.

4. A and B are partners sharing profits in the ratio of 3:1. They admit C as a partner for $1/4^{th}$ share. His share of goodwill is Rs.54,000. Give journal entries in the following cases.
- (a) When the amount of goodwill paid privately.
 - (b) When the goodwill is received in cash and retained in business.
 - (c) When the goodwill is received in cash and withdrawn by the old partners.

Contd...

5. Himanshu, Gagan and Naman are partners sharing profits and losses in the ratio of 3:2:1. On March 31, 2017, Naman retires. The various assets and liabilities of the firm on the date were as follows:
Cash Rs 10,000, Building Rs 1,00,000, Plant and Machinery Rs 40,000, Stock Rs 20,000, Debtors Rs 20,000 and Investments Rs 30,000.

The following was agreed upon between the partners on Naman's retirement:

- (i) Building to be appreciated by 20%.
- (ii) Plant and Machinery to be depreciated by 10%.
- (iii) A provision of 5% on debtors to be created for bad and doubtful debts.
- (iv) Stock was to be valued at Rs 18,000 and Investment at Rs 35,000.

Record the necessary journal entries to the above effect and prepare the Revaluation Account.

6. From the following, distribute cash under proportionate capital method:

Capital of Partners: A: Rs.20,000; B:10,000

Profit sharing Ratio :3:2

<i>Ist</i>	Installment(cash)	Rs.5,000
<i>IInd</i>	Installment(cash)	Rs.2,000
<i>IIIrd</i>	Installment(cash)	Rs.1,000

7. Distinguish between Branch accounts and Department accounts.
8. Explain the accounting problems arising out of retirement of a partner.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Lakshmi Mills Ltd., has a branch at kancheepuram. Goods are invoiced to the branch at cost plus 50%. Branch remits all cash received to the Head Office and all expenses are met by the Head Office. From the following particulars, prepare the necessary ledger accounts on the Stock and Debtors system.

	Rs.
Stock on 1 st January 2015	15,600
Debtors on 1 st January 2015	8,700
Goods invoiced to branch (cost)	36,000
Sales at branch:	
Cash Sales	35,000
Credit Sales	30,100
Cash collected from Debtors	29,800
Goods returned by debtors	1,500
Surplus in Stock	300
Discount allowed to customers	350
Expenses at branch	6,700

10. Mr. Balu purchased a machinery from Kumar & Co on hire purchase system on 1-1-1995. The cash price of the machine was Rs.1,00,000, Rs.20,000 to be paid at the time of taking delivery and balance by four installments of Rs.20,000 plus interest @ 5% on yearly balances.

Balu failed to pay the installment due on 31-12-1996. Kumar & Co. took possession of the machinery and valued the same in their books after charging depreciation @10% p.a. on Reducing Balance Method. In 1997 Kumar & Co. incurred Rs.1,000 for reconditioning and re-sold the machinery for Rs.90,000.

Show the ledger accounts in the books of Mr. Balu and Kumar & Co.

SEMESTER - II
20UAFCT2003 - Advanced Financial Accounting

11. A and B are partner in a firm sharing profit and losses in the ratio of 3 : 1. Their Balance Sheet as on 30th June 2005 stood as follows :

Liabilities	Rs.	Assets	Rs.
Capital A/c		Cash at bank	22,500
A 30,000		Stock	20,000
B 16,000	46,000	Bills Receivable	3,000
Reserve 4,000		Debtors	16,000
Creditors 37,500		Furniture	1,000
		Land and Buildings	25,000
	87,500		87,500

They agreed to take C as a partner with effect from 1st July 2005 on the following terms :

- That C pays Rs.10,000 as his capital for a fifth share in the future profits.
- The goodwill is to be valued at Rs.20,000.
- The stock and furniture be reduced by 10% and a 5% provision for doubtful debts to be created on debtors.
- That the value of land and buildings be appreciated by 20%
- That the capital accounts of the partners be readjusted on the basis of their profit sharing arrangement and any additional amount to be debited or credited to their current account.

Show Revaluation Account, Partners' Capital Account and the Balance Sheet of the new firm.

12. Enumerate the accounting implications of the rule laid down in the famous English case of 'Garner vs. Murray'.
13. The following information is given by Kridey, a cloth merchant, for the year ended 31-12-2016.

	Hosiery Rs.	Garments Rs.	Cloth Rs.
Opening Stock	33,000	27,000	1,05,000
Purchases less returns	90,000	60,000	2,25,000
Sales less returns	1,80,000	1,20,000	2,70,000
Wages	15,000	9,000	--
Closing stock	21,000	72,000	81,000

Expenses paid:

	Rs.
Salaries	60,000
Rent	10,800
Printing	4,800
Electricity	2,160
Sundry expenses	2,850

- i) Transfers from cloth department to hosiery Rs.6,000 and to Garments Rs.63,000.
- ii) Salaries Rs.48, 000 were paid to 20 salesmen on a uniform scale. The number of salesmen in the three departments was 4, 5, and 11 respectively. Allocate the remaining salary in equal proportion to the three departments.
- iii) Space occupied by the departments was equal.
- iv) Printing expenses were to be apportioned in 1:1:2
- v) The electricity points in each department were 3, 4 and 9 respectively.

Prepare the departmental trading and profit and loss account for the year ended 31st December 2016.