

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.(PA) END SEMESTER EXAMINATIONS APRIL-2023

SEMESTER - II

21UPACT2003 - Advanced Financial Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. The following information relates to Madurai branch,

Particulars	Rs.	Rs.
Stock on 1.1.94		11,200
Branch debtor on 1.1.94		6,300
Goods sent to branch for		51,000
Rent	1,500	
Salaries	3,000	
Petty Cash	500	5,000
Sales at branch :		.
Cash	25,000	
Credit	39,000	64,000
Cash received from Debtor		41,200
Stock on 31.12.94		13,600

Prepare Branch account for the year 1994.

2. 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 1996. 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:

Particulars	X	Y	Z
	(Rs.)	(Rs.)	(Rs.)
Opening Stock (1.1.96)	10,000	14,000	7,000
Purchase	12,000	13,500	9,700
Sales	20,000	18,000	16,000
Direct Expense	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.

3. On 1-1-86, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing of the contract) and Rs.4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest is 5%. Calculate the interest in each year's instalment.

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4. Sundar sells goods on H.P. system at cost plus 60%. From the prepare Hire-purchase Trading A/c.

Jan. 1	Goods out on H.P. system at H.P. Price	32,000
Dec. 31	Instalments not due and unpaid	72,000
	Instalments due and unpaid	4,000

The following transactions took place during the year:-

- Goods sold on H.P. Price 1,60,000
- Cash received from customers at H.P. Price 1,12,000
- Goods received back on default valued at 800
(Instalment due Rs.4,000)

5. The following were the profit earned by Bertha and Lam for the Past Four Years.

2007	60,000
2008	80,000
2009	1,00,000
2010	1,40,000

You are required to value the goodwill on the basis of 3 years purchase of weighted average profit, assigning weights of 1, 2, 3 and 4 respectively for the four Years.

6. A, B, C, D and E were partners in a firm sharing profits and losses in the ratio of 5:4:3:2:1 respectively. Unfortunately, D and E met with an accident in which both of them died.

The goodwill of the firm was valued at Rs.75,000 and A, B and C decided to share the future profits and losses in the ratio of 4:6:5 respectively.

Give the journal entry to record the above relating to goodwill.

7. P, Q and R share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$. On the date of dissolution their Balance Sheet was as follows:

Liabilities	Rs.	Asset	Rs.
Creditors	14,000	Sundry Asset	40,000
P's Capital	10,000		
Q's Capital	10,000		
R's Capital	6,000		
	40,000		40,000

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

8. A and B are in equal partnership. Their Balance Sheet stood as follows:

Liabilities	Rs.	Assets	Rs.
Capital A:	600	Plant & Machinery	1,475
Sundry Creditors	3,900	Furniture	400
		Debtors	500
		Stock	625
		Bank	300
		B's Capital	1,200
	4,500		4,500

The assets were realised as follows:

Stock Rs.350, Furniture Rs.200, Debtors Rs.500 and Plant & Machinery Rs.700. The cost of collecting and distributing the estate amounted to Rs.150. A's private estate is not sufficient even to pay his private liabilities, where as in B's private estate, there is a surplus of Rs.50.

Prepare Realisation A/c, Cash A/c, Creditors A/c, Capital A/c's and the Deficiency A/c of the partners.

Section C

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. The Calcutta Commercial Company invoiced goods to its Jamshedpur Branch at cost. The Head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following details relating to the Branch, prepare,

- (i) Branch Stock A/c
- (ii) Branch Debtors A/c
- (iii) Branch Expense A/c
- (iv) Branch P & L A/c

Particulars	Rs.	Particular	Rs.
Stock (opening)	21,000	Discount to customers	4,200
Debtor (opening)	37,800	Bad debts	1,800
Petty Cash (opening)	600	Goods Returned by customer to branch	1,500
Goods sent from H. O	78,000	Salaries & Wages	18,600
Goods returned to H. O	3,000	Rent & Rates	3,600
Cash Sales	52,500	Debtors (Closing)	29,400
Advertisement	2,400	Petty Cash (Closing)	300
Cash Received from debtors	85,500	Credit Sales	85,200
Stock (closing)	19,500		
Allowances to customer	600		

10. Modern Company has two departments X and Y. Department X sells goods to Y department at normal market price. From the following particulars, prepare departmental trading and profit & loss account for the year ended 31-12-1996.

Particulars	Department X (Rs.)	Department Y (Rs.)	Department Z (Rs.)
Stock 1-1-96	15,000	-	-
Purchase	2,50,000	40,000	-
Goods from department X	-	40,000	-
Wages	15,000	20,000	-
Salaries (department)	7,000	5,000	-
Closing stock at cost to department	80,000	20,000	-
Sales	2,60,000	1,45,000	-
Printing & Stationery	2,500	1,500	-
Machinery	-	15,000	-
Advertisement	-	-	12,000
Salaries	-	-	18,000

Depreciate machinery by 10%. The general unallocated expenses are to be apportioned in the ratio of 2:1 to the departments X and Y. Half of the closing stock of department y represents goods received from department X.

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11. On 1.1.90 National Transport Company purchased from Metro Motors five trucks costing Rs.40,000 each on the hire purchase system. It was agreed that Rs.50,000 should be paid immediately and the balance in three instalments of Rs.60,000 each at the end of each year. The Metro Motors charges interest @ 10% D.a. The buyer depreciates trucks at 20% p.a. on the diminishing balance Method. The buyer paid cash down and two instalments but failed to pay the last instalment. Consequently, the Metro Motors repossessed three trucks leaving two trucks with the buyer and adjusting the value of 3 trucks against the amount due. The trucks repossessed were valued on the basis of 30% depreciation pa, on the written down value. The trucks repossessed were sold by Metro Motors for Rs.60,000 after necessary repairs amounting to Rs.10,000. Open the necessary ledger accounts in the books of both the parties.
12. Laurel and Hardy were carrying on business as equal partners. It was agreed that Laurel should retire from the firm and his son Charlie should join the firm on the same date for $\frac{1}{2}^{rd}$ of the profits of the business.

The Balance Sheet of the firm as on 31.3.2001 was as follows:

Labilities	Rs.	Assets	Rs.
Creditors	9,800	Bank	11,000
Capitals:		Debtor	16,100
Laurel	34,000	Furniture	14,200
Hardy	28,200	Building	20,700
		Goodwill	10,000
	72,000		72,000

On 31-3-2001 goodwill was valued at Rs.27,000 and building at Rs.24,000. It was agreed that enough money should be introduced to enable Laurel to be paid out and leave Rs.10,000 by way of working capital. Hardy and Charlie were to provide such sums as would make their capitals proportionate to their share of profits. Laurel agreed to provide half of the capital which Charlie had to provide. Give necessary journal entries. Prepare necessary accounts and the balance sheet of Hardy and Charlie.

13. C,J and T are partner sharing profit in the ratio of 3:2:1. The partnership was dissolved on 30.6.92. on which date their position was as follows.

Particulars	Rs.	Asset	Rs.
Capital		Cash in hand	28,000
C	1,40,000	Debtors	2,94,000
J	70,000	Stock	1,12,000
T	14,000		
Creditors	2,10,000		
	4,34,000		4,34,000

There was a bill discounted for Rs.10,000 due on 30.11.92. It was agreed that net realisation should be distributed piecemeal at the end of each month. The realisations and expenses were as follows:

Date	Stock & Debtor	Expense
	(Rs.)	(Rs.)
31.7.92	84,000	7,000
31.8.92	1,26,000	5,400
30.9.92	70,000	4,900
31.10.92	77,000	3,500
30.11.92	35,500	3,500

The stock was completely disposed off. The balance of debtors irrecoverable. The acceptor of discounted bill paid the amount on the due date. Prepare a statement showing the Piecemeal distribution of cash.
