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 EXAMINATIONS APRIL - 2024
SEMESTER - II
23UAFCT2003 - Advanced Financial Accounting

Total Duration : 2 Hrs. 30 Mins. Total Marks : 60

Section B

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

1. 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 installment.
2. A and B are partners sharing profits in 3:2 ratio. C is admitted for 1/5 share which he acquires equally from both A and B. Find out the new profit ratio of partners.
3. A, B,& C are partners in a firm, sharing profits and losses in the ratio of 3:2:5. C retires and on that date the firm's goodwill is valued at Rs.80,000. Pass necessary journal entries to adjust goodwill at the time of retirement.
4. A, B and C are partners sharing profits and losses in the ratio of 2:1:1. Their balance sheet as on 31^{st} December 2012 is as follows.

Liabilities		Rs.	Assets	Rs.
Creditors		35,000	Sundry assets	1,00,000
Capital:				
A	25,000			
B	25,000			
C	15,000	65,000		
		1,00,000		1,00,000

On the above date the firm is dissolved and the following were the terms agreed. The assets realized 1,07,000. Creditors were paid 28,000 in full settlement. Realization expenses amounted to 2,000. Prepare realisation account.

5. From the following particulars prepare a branch account showing the profit or loss at the branch.

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 is entitled to a commission of 5% on the profit of the branch before charging such commission.

6. Find out the value of goodwill at 2 years purchase of last 4 years average profits. The profits were 2009 – 5,000; 2010 – 4,000; 2011 – 3,000 (Loss); 2012 – 2,000.

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7. A,B & C are partners in a firm sharing profits and losses in the ratio of 1/3.1/2,1/6, respectively. Their balance sheet as on 31.3.2006 was as follows.

Liabilities	Rs.	Assets	Rs.
Capitals:		Machinery	40,000
A	30,000	Stock	25,000
B	40,000	Sundry Debtors 18,000 (-) Provision 500	17,500
C	25,000	Cash	8,500
Sundry Creditors	25,000	Building	50,000
Loans payable	15,000	Furniture	10,000
Reserve fund	16,000		
Total	1,51,000	Total	1,51,000

C Retires on 31.3.2006 subject to the following conditions:

a. Goodwill of the firm is valued at Rs.24,000.

b. Machinery to be depreciated by 10%.

c. Furniture to be depreciated by 5%.

d. Stock to be appreciated by 15% and buildings to appreciate by 10%.

f. Reserve for doubtful debts to be raised to Rs.2,000.

Prepare revaluation Account and Capital Account.

8. P,Q, and R share profits in proportion of ½, ¼ and ¼. 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 realized Rs.35,500. Creditors were paid in full Realisation expenses amounted to Rs.1,500. Prepare Realisation Account.

Section C

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

9. Malan purchased a machine on hire purchase system on 1^{st} Jan 1993, the terms of payment are four annual instalments of Rs.12,690 at the end of each year. Interest is charged @ 5% and is included in the annual payment of Rs.12,690. Show machinery account and hire vendor account in the books of Malan who defaulted in the payment of the third yearly payment whereupon the vendor repossessed the Machinery. Malan provides depreciation on the machinery @ 10% on the reducing balance.

10. The following purchases were made by a business house having three departments Dept. A – 1000 units, Dept. B – 2000 units, Dept. C – 2400 units at a total cost of Rs.1,00,000; Stocks on 1^{st} January were: Depts. A – 120 units, Dept. B - 80 units, Dept. C – 152 units, Sales were 1020 units at Rs.20 each, 1920 units at Rs.22.50 each, 2496 units at Rs.25 each in dept. A, B, C, respectively. The rate of gross profit is same in each case. Prepare departmental trading account.

11. A and B are partners sharing profits in the ratio of 3:1. The balance sheet stood as under on 31.12.2010.

Liabilities	**Rs.**	**Assets**	**Rs.**
Capital Account:		Stock	10,000
A 30,000		Prepaid insurance	1,000
B 20,000	50,000	Debtors 8,000	
Salary Due	5,000	(-) Provision 500	7,500
Creditors	40,000	Cash	18,500
		Machinery	22,000
		Buildings	30,000
		Furniture	6,000
	95,000		95,000

C is admitted as a new partner introducing a capital of 20,000 for his $1/4^{th}$ share in future profit. The following revaluations are made. Stock to be depreciated by 5% Furniture to be depreciated by 10% Building to be revalued at 45,000 The provision for doubtful debts should be increased to 1,000. Prepare revaluation A/c and Balance sheet after admission.

12. P,Q and R were equal partners. R retired on 1.1.2010. The balance sheet of the firm on 31.12.2009, stood as follows.

Liabilities	**Rs.**	**Assets**	**Rs.**
Capitals:		Stock	12,000
P	50,000	Sundry Debtors 20,000	
Q	30,000	(-) Provision 1,000	19,000
R	30,000	Bank	22,000
Sundry Creditors	22,000	Building	50,000
Investment fluctuation fund	2,000	Goodwill	25,000
Contingency reserve	6,000	Investment (cost)	10,000
		Cash	2,000
Total	1,40,000	Total	1,40,000

On the date of retirement it was found that

a. Building be valued at Rs.60,000
b. Investment fluctuation fund be brought to Rs.1,100
c. Debtors being all good: no reserve is required,
d. Stock be taken at Rs.11,000
e. Goodwill will be valued at 2 years purchase of the average profit of the past 5 years.
f. R's share if profit to the date of retirement be calculated on the basis of average profit of the preceding 3 years. The profits for the preceding 5 years were as under:
g. 2005 : Rs.12,000; 2006 : Rs.13,500; 2007 : Rs.8,000; 2008 : Rs.10,000; 2009 : Rs.9,000. Pass Journal entries, give partner's capital A/c's and the revised balance sheet.

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13. R, M and S partners sharing profits and losses as 2:2:1. Their balance sheet as at 30th June 2011 was as follows.

Liabilities	**Rs.**	**Assets**	**Rs.**
Creditors	4,000	Bank	5,000
Capital:		Debtors	4,000
R	10,000	Stock	5,000
S	4,000	Fixtures	2,000
M	2,000	Machinery	9,000
Reserve fund	5,000		
	25,000		25,000

They decided to dissolve the business the following are the amounts realized; machinery 8,500; furniture 1,500; stock 7,000 and debtors 3,700. Creditors allowed a discount of 2% and are agreed to bear all realization expenses. For this service R is paid 120. Actual expenses amounted to 900 which were withdrawn by him from the firm. There was an unrecorded asset of 500 which was taken over by S at 400. Prepare realization A/c, Capital A/c and Bank A/c.

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