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 - 2024
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. Write a note on wholesale profit and retail profit.

2. Layal shoe company opened a branch at Madras on 1.1.89. From the following particulars, the Madras Branch account for the years 1989 and 1990.

Particulars	**1989 (Rs.)**	**1990 (Rs.)**
Goods sent to Madras branch	15,000	45,000
Cash sent to branch for		
Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the branch	24,000	60,000
Stock on 31^{st} December	2,300	5,800
Petty cash in hand on 31^{st} December	40	30

3. Rama Departmental stores has two departments A and B. From the following, prepare departmental Trading account
Purchases;

Dept. A - 1,000 units	At a total cost of Rs.1,10,000
Dept. B - 2,000 units	

Opening Stock:
Dept. A - 400 units
Dept. B - 600 units
Sales:
Dept. A - 900 units @ Rs.75 per unit
Dept. B - 2,100 units @ Rs.45 per unit
Assume that G.P. rate is uniform for both the departments.

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4. There are Five departments in a concern. The total indirect expenses amounted to Rs.12,000. One-sixth of expenses are to be divided equally to all the five departments. The remaining expenses are to be shared in the ratio of sales. Sales of various departments were as follows.

   Department A - Rs.50,000
   Department B - Rs.40,000
   Department C - Rs.30,000
   Department D - Rs.20,000
   Department E - Rs.60,000

   Show the allocation of Indirect expenses.

5. A and B are partners in a business sharing profits in the ratio of 5:3. They decide to admit C into the firm giving him $1/6^{th}$ share. Calculate the new profit sharing ratio and sacrificing ratio of the partners.

6. P, Q, R and S are partners in a firm sharing profits in the ratio of 2:1:2:1. On the retirement of R, the firm's goodwill was valued at Rs.45,000. P, Q and S decided to share the future profits equally. Pass journal entry for goodwill.

7. R', 'M' and 'J' were partners in a firm. 'J' died on 29^{th} Feb. 2008. His share of profit from the closure of the last accounting year till date of death was to be calculated on the basis of the average of profit of three completed years before death. Profits for 2005, 2006 and 2007 were Rs.7,000, Rs.8,000 and Rs.9,000 respectively. Calculate J's share of profit till his death and pass the necessary journal entry for the same.

8. Bring out the objectives of Indian Accounting Standard.

Section C

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

9. Pass necessary journal entries in the books of head office and branch for the following transactions assuming the accounts are closed on 31^{st} December

   (i) Goods sent by the head office on 28^{th} December worth Rs.1,000 to its Bombay branch were not received by the branch upto 31^{st} December.

   (ii) Provide depreciation at 10% on furniture (Rs.40,000) when Bombay Branch A/c is maintained in the head office books.

   (iii) The Bombay branch collected Rs.3,000 from a Bombay customer of head office.

   (iv) A sum of Rs.1,300 being arrears of call money was received by the Bombay office from a shareholder in November but was not communicated to the head office till 3^{rd} January.

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(v) Goods costing Rs.1,800 purchased by Bombay branch but payment made by head office. The head office has debited the amount to its own purchase A/c.

(vi) Rs.2,000 interest on investments collected by Bombay branch on behalf of the head office.

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.)	General total (Rs.)
Stock on 1-1-1996	15,000	-	-
Purchases	2,50,000	40,000	-
Goods from department-x	-	40,000	-
Wages	15,000	20,000	-
Salaries (departmental)	7,000	5,000	-
Closing stock at cost to the department	80,000	20,000	-
Sales	2,60,000	1,45,000	-
Printing and stationery	2,500	1,500	-
Machinery	-	15,000	-
Advertisement	-	-	12,000
Salaries (general)	-	-	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.

11. 'A' and 'B' were partners sharing profits and losses in the ratio of 2: 1. Their Balance Sheet as on 31.12.2003 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	65,900	Cash	1,200
Capital		Debtors	9,700
A	30,000	Stock	20,000
B	20,000	Machinery	35,000
		Building	50,000
	1,15,900		1,15,900

They decided to admit 'C' as a partner for $1/3^{rd}$ share in the profits of the firm, Subject to the following conditions:

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(i) That he should bring in Rs.15,000 as his capital
(ii) That the value of stock and machinery be depreciated by 10%
(iii) That the provision of 5% on sundry debtors be made for doubtful debts
(iv) That the value of buildings be appreciated by Rs.9,500.

Pass journal entries. prepare necessary ledger accounts and Balance sheet after C's admission.

12. Following is the Balance Sheet of X, Y and Z as on 31.12.2004

Liabilities	**Rs.**	**Assets**	**Rs.**
Sundry creditors	30,000	Cash in hand	2,000
Reserve fund	32,000	Cash at bank	50,000
Capital accounts		Debtors	60,000
X-1,00,000		Stock	60,000
Y- 50,000		Furniture	80,000
Z- 50,000	2,00,000	Tools	10,000
	2,62,000		2,62,000

Y died on 31^{st} March 2005. Under the partnership agreement, the executor of Y was entitled to:

(a) Amount standing to the credit of his capital account
(b) Interest on capital which amounted to Rs.625
(c) His share of goodwill Rs.35,000
(d) His share of profit from the closing date of last financial year to the date of death which amounted to Rs.4,375. Y's executor was paid Rs.18,000 on 1^{st} April 2005 and the balance was to be paid in four equal yearly instalments starting from 31.3.2006 with interest @ 6% p.a. Prepare Y's capital A/c, Y's executor's A/c till it is finally paid. Assume profits are shared in the capital ratio.

13. Differentiate the Indian AS and IFRS.

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