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. BIM - END SEMESTER EXAMINATIONS - NOV'2024
SEMESTER - II
23UBBCT2003 - Advanced Financial Accounting

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

Section B

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

1. Distinguish between wholesale profit and retail profit.
2. Explain the basis for apportionment of departmental expenses.
3. X and Y are partners sharing profits in the ratio of 3:2. They admit Z into partnership, Z paying a premium of Rs.2,000 for $1/4^{th}$ share of profit. The new ratio is 3:3:2. Goodwill account appears in the books at Rs.2,000. Journalise and also show the sacrificing ratio.
4. Sachin retires from the partnership on 31-03-2017. Other partners pay the amount due to him in three equal annual instalments with interest at 15% p.a. the amount due on the date of retirement was Rs.12,000. Prepare Sachin loan A/c.
5. 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. Realization expenses amounted to Rs.1,500. Close the books of the firm.

6. Maya Shoe Company opened a branch at Madras on 1.1.2019. From the following particulars, prepare the Madras branch account for the years 2019 and 2020.

	2019 (Rs.)	**2020 (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

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

	Dept X (Rs.)	Dept Y (Rs.)
Opening stock	9,000	8,400
Sales	42,000	36,000
Purchases	27,000	21,600
Direct expenses	5,490	8,520
Postage	360	360
Closing stock	10,800	4,800

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

8. Explain the accounting treatment of goodwill at the time of retirement of a partner.

Section C

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

9. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

	Rs.		Rs.
Stock on 1.1.99 (invoice price)	27,900	Goods returned by debtors	3,600
Debtors on 1.1.99	20,400	Goods returned to H.O	4,500
Goods invoiced to branch	1,53,000	Shortage of stock	1,350
Cash sales	75,000	Discount allowed	600
Credit sales	93,000	Expenses at the branch	16,200
Cash collected from debtors	91,200	Bad debts	600

10. A firm had two departments, cloth and readymade garments. The garments were made by the firm itself out of cloth supplied by the cloth department at its usual selling price, from the following figures; prepare departmental trading and profit and loss account for the year ended 31-3-2017.

	Cloth dept. (Rs.)	Readymade dept. (Rs.)
Opening stock on 1-4-2016	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments dept.	3,00,000	-
Expenses - Manufacturing	-	60,000
-Selling	20,000	6,000
Stock 31-3-2017	2,00,000	60,000

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The stock in the readymade garments department may be considered as consisting of 75% cloth and 25% other expenses. The cloth department earned gross profit at 15% in 2015-16. General expenses of the business as a whole came to Rs.1,10,000.

11. A and B are partners are sharing profits in the ratio of 3:1. Their Balance sheet stood as under on 31-12-2023:

Liabilities	**Rs.**	**Rs.**	**Assets**	**Rs.**	**Rs.**
Salary due		5,000	Stock		10,000
Creditors		40,000	Prepaid expenses		1,000
Capital:			Debtors	8,000	
A	30,000		(-) Provision	500	7,500
B	20,000	50,000	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 Rs.20,000, for his $1/4^{th}$ share in future profits.
Following revaluations are made:
(a) Stock be depreciated by 5%
(b) Furniture be depreciated by 10%
(c) Building be re-valued at Rs.45,000
The provision for doubtful debts should be increased to Rs.1,000. Pass Journal entries, prepare revaluation A/c and Balance sheet after admission.

12. A,B and C are partners in a firm sharing profits and losses in the ratio of 1/3,1/2 and 1/6 respectively. Their Balance sheet as on 31.3.2016 was as follows:

Liabilities	**Rs.**	**Assets**	**Rs.**
Reserve fund	16,000	Building	50,000
Capital A	30,000	Machinery	40,000
B	40,000	Furniture	10,000
C	25,000	Stock	25,000
Loan payable	15,000	Debtors 18,000	
Sundry creditors	25,000	Less: provision 500	17,500
		Cash	8,500
	1,51,000		1,51,000

Contd...

‘C’ retires on 31.3.2016 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 be appreciated by 10%

(e) Reserve for doubtful debts to be raised to Rs.2,000.

13. 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 realized 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, whereas in B’s private estate, there is a surplus of Rs.50.

Prepare realization A/c, Cash A/c, Creditors A/c, Capital A/c and the Deficiency A/c of the partners.

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