

Reg. No. :

Name :

Third Semester B.Com. Degree Examination, October 2019

First Degree Programme under CBCSS

Core Course

ADVANCED FINANCIAL ACCOUNTING

(Common for CO 1343/CC 1344 (2014 to 2017 Admission)/CO1342/CX1342/TT1342/HM1342/CC1343 (2018 Admission))

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer all questions in one word to maximum of two sentences. Each question carries 1 mark.

1. What is meant by partnership deed?
2. What is dissolution of firm?
3. What is consignment?
4. What is proforma invoice?
5. What is Joint Venture?
6. Write a short note on Memorandum Joint Venture Account.
7. What are the main types of branches from accounting point of view?
8. What is 'goods in transit'?
9. What are departmental accounts?
10. What is dual pricing?

(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** questions not to exceed one paragraph. Each question carries 2 marks.

11. Explain the circumstances under which a firm is dissolved.
12. What is meant by 'fixed capital' of partners?
13. Bring out two important decisions of Garner Vs. Murray.
14. Who is consignee?
15. Name the various methods of recording Joint Venture transactions.
16. Distinguish between joint venture and consignment.
17. What is meant by dependent Branch?
18. What is meant by 'Branch Adjustment Account'?
19. What are inter departmental transfers?
20. List the bases for apportionment of common expenses in departmental accounts.
21. Invoice price of goods sent out is ₹.4,00,000. $\frac{4}{5}$ th of the goods were sold by consignee at ₹.3,52,000. The rate of commission is 2% upto invoice value and 10% of any surplus above invoice value. Calculate the amount of commission.
22. Calculate invoice price of Goods sent to branch and profit included therein:

Goods sent to Branch (at cost) ₹.1,20,000

Goods are invoiced to the Branch at 25% above the cost.

(8 × 2 = 16 Marks)

$$\frac{25}{100} \times 1,20,000 = 22000$$

SECTION – C

Answer **any six** questions not to exceed in 120 words. Each question carries 4 marks.

23. What is realisation account? How and when is it prepared?
24. Distinguish between consignment and sale.
25. What are the objectives of Branch accounting?
26. What are the advantages of departmental accounting?
27. Pass necessary journal entries for the following transactions at the time of dissolution of the firm
 - (a) X, a partner takes over an unrecorded asset (typewriter) at ₹3,000
 - (b) Undistributed balance (debit) of Profit and Loss account ₹30,000. The firm has three partners X, Y and Z
 - (c) The assets of the firm realised ₹1,25,000
 - (d) Creditors paid ₹28,000 in full settlement of their account of ₹30,000.
28. Mr. X provides the following information:
 - (a) Goods sent by Mr. X to his agent Mr. Y—10,000 units @ ₹20 per unit.
 - (b) Mr. X's forwarding expenses ₹.50,000.
 - (c) Agent took delivery and brought goods to his godown after incurring expenses @ ₹1 per unit.
 - (d) Goods sold by agent – 7,300 units @ ₹30.
 - (e) Agents commission — 6%

Calculate the amount of closing stock.

30000

10000
 9270
 7300
 2700
 55000
 50000
 15000
 219000 x 6/100
 13140
 55000
 2700
 3140

10000
 0000
 2000
 3140

29. X Ltd. Provides you the following information:

	Stock as on 1.4.2014	Purchases	Sales
Dept. A	120 units	1,000 units	1,020 units @ ₹20.00
Dept. B	80 units	2,000 units	1,920 units @ ₹22.50
Dept. C	152 units	2,400 units	2,496 units @ ₹25.00

Total purchases for the period is ₹.1,00,000

The rate of gross profit is 20%, same for all the departments.

Prepare departmental trading account for the year 2014-15

30. Give journal entries in the books of Branch A to adjust the following

- Head office exp. ₹35,000 allocated to the Branch, but not recorded in Branch Books
- Depreciation of branch assets, whose accounts are kept by the Head office not provided earlier for ₹25,000
- Branch paid ₹40,000 as salary to a H.O Inspector, but the amount paid has been debited by the branch to salaries account.
- A remittance of ₹1,50,000 sent by the branch has not yet been received by Head Office.

31. X and Y entered into a joint venture, agreeing to share profits and losses in the ratio of their respective contributions. X and Y deposited ₹65,000 and ₹32,500 respectively into a joint bank account. Goods bought for ₹75,000. Expenses incurred ₹.10,950. Goods sold for ₹90,000. Goods taken over by X amounted to ₹2,700.

Prepare joint venture account and find out the profit.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions not exceeding four pages. Each question carries **15** marks.

32. Write short notes on:

- (a) Treatment of normal and abnormal losses in consignment
- (b) Recurring and non-recurring expenses relevant in consignment
- (c) Delcredere and overriding commission in consignment

33. Jeevan and sons has two departments' cloths and readymade clothes. Readymade clothes are manufactured by the firm itself out of clothes supplied by the cloth department at its usual selling rate. From the following figures prepare Departmental Trading and Profit and Loss account and General Profit and Loss account for the year ending 31 December 2017.

	Cloth	Readymade
	(₹.)	(₹.)
Opening stock on 1.1 .2017	3,60,000	60,000
Purchases	29,00,000	20,000
Sales	35,00,000	7,00,000
Transfer to readymade cloth department	4,50,000	—
Manufacturing expenses	—	1,40,000
Closing stock on 31.12.2017	1,00,000	48,000

General expenses incurred for both the department were ₹1,20,000. The stocks in the readymade cloth department may be considered as consisting of 66 2/3% cloth and 33 1/3% other expenses. The cloth department earned profit at the rate of 18% in 2016.

- 34/ A Delhi merchant has a Branch at Chennai to which he charges out the goods at cost plus 25%. The Chennai Branch keeps its own Sales ledger and transmits all cash received to the Head Office every day. All the expenses are paid from the head Office. The transactions for the Branch were as follows.

	₹
Stock (1 .4.2007) at invoice price	11,000
Debtors (1 .4.2007)	100
Petty cash	100
Cash sales	2,650
Credit sales	23,950
Goods sent to Branch at invoice price	20,000
Collection from Branch debtors	21,000
Goods returned to Head Office at invoice price	300
Bad debts	300
Allowances to customers	250
Returns inwards	500
Cheque sent to Branch:	
Rent	600
Wages	200
Salaries	900
Stock (31.3.2008)	13,000
Debtors (31.3.2008)	2,000
Petty cash (31.3.2008) including miscellaneous	
Income not remitted	125

Prepare Branch Trading and Profit and Loss account.

35. Ram and Lal shared profits in the ratio of 2:3. Their Balance Sheet on March 31, 2016 was as follows

Balance sheet			
Liabilities	₹	Assets	₹
Creditors	40,000	Cash	16,000
Lal's loan	32,000	Debtors	80,000
Profit and loss account	50,000	Less: Provision	3,600
			<u>76,400</u>
Capital:		Inventory	1,09,600
Lal	1,60,000	Bills receivable	40,000
Ram	2,40,000	Buildings	2,80,000
	<u>5,22,000</u>		<u>5,22,000</u>

Ram and Lal decided to dissolve the firm on the above date. Assets except bills receivable realized ₹4,84,000. Creditors agreed to take ₹38,000. Cost of realisation was ₹2,400. There was an unrecorded motor cycle in the firm and it was sold for ₹10,000. There was a contingent liability of ₹5,000 in respect of outstanding electricity bill. Ram took bills receivable at ₹33,000.

Prepare necessary accounts to close the books of the firm.

(2 × 15 = 30 Marks)