

Reg. No. : .....

Name : .....

**Third Semester B.Com. Degree Examination, January 2023**

**First Degree Programme Under CBCSS**

**Core Course :**

**(Commerce/Commerce and Tax Procedure and Practice/Commerce and  
Hotel Management and Catering/Commerce and Computer  
Application/Commerce and Tourism and Travel Management)**

**CO 1342/CX 1342/TT 1342/HM 1342/CC 1343 : ADVANCED FINANCIAL  
ACCOUNTING**

**(2019 Admission Onwards)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in **one** or **two** sentences each. Each carries **1** mark.

1. What is consignment?
2. Who are the parties in consignment accounting?
3. Why joint ventures are needed?
4. What are the disadvantages of joint ventures?
5. In dissolution of firm, what is the journal entry to be passed for recording transfer of profit on realisation?
6. When a firm is compulsorily dissolved?

7. What are the objectives of Branch Accounting?
8. In Branch accounting, what are dependent Branches?
9. Why apportionment of expenses needed in departmental accounts?
10. In department accounts, how expenses incurred specifically for a particular department are treated?

(10 × 1 = 10 Marks)

### SECTION – B

Answer any **eight** questions in not exceeding one paragraph. Each question carries **2** marks.

11. How Credit Sales Accounting takes place in books of Consignor? When Del Credere Commission is given?
12. How stock is valued in consignment accounting?
13. Usha sent goods costing Rs. 75,50,000 on consignment basis to Gayathri on 1.2.2015 @ 8.5% commission, Rs. 8,25,000 was spent on transportation by Usha. Gayathri spent Rs. 5,25,000 on unloading. 80% of the goods received were sold for Rs. 90,00,000, 10% of the goods for Rs. 10,00,000 and the balance was taken over by Gayathri @ 10% below the cost price. She has sent a demand draft to Usha for the amount due show in Usha's Books. Prepare Gayathri's Account.
14. A and B enter into joint venture sharing profit  $\frac{3}{5}^{\text{ths}}$  and  $\frac{2}{5}^{\text{ths}}$ . A is to purchase timber in Madhya Pradesh and forward it to B in Delhi. A purchases timber worth Rs. 10,000 and pays Rs. 1,000 as expenses. B received the consignment and immediately accepted A's draft for Rs. 8,000. A gets the bill discounted for Rs. 7,850. B sold the timber for Rs.16,000. He had to spend Rs.350 for fire insurance and Rs.300 for other expenses. Under the agreement he is entitled to a commission of 5% sales. Give joint venture account in the books of A.
15. What is the nature of Co-venturer's Account?
16. What are the differences between Joint Venture and Consignment?
17. What was the decision in Garner vs. Murray Case?

18. At the time of Dissolution, what is the liability of a retiring partner and the estate of a deceased partner in relation to debts contracted by the partnership firm?
19. Which are the two methods of preparing capital account in a partnership firm?
20. What are the objectives of departmental accounts?
21. What is the nature of a branch account?
22. How petty cash is treated in Branch account?
23. What is the nature of Branch stock Account?
24. What is the nature of Goods sent to Branch Account?
25. Journalise the following transactions in the books of the Head office.
  - (a) Goods returned by Thane Branch on 28<sup>th</sup> March, worth Rs. 10,000 to its Head Office not received by the head office upto 31<sup>st</sup> March.
  - (b) Goods worth Rs. 20,000 sent by the Head Office to its Coimbatore Branch on 29<sup>th</sup> March, were received on 3<sup>rd</sup> April following.
  - (c) Rs. 50,000 remitted by Coimbatore Branch to Head Office on 28<sup>th</sup> March was received on 4<sup>th</sup> April.
26. Which are the methods of preparing departmental accounts?

(8 × 2 = 16 Marks)

### SECTION – C

Answer any **six** questions. Each question carries **4** marks.

27. The Bombay Mills Ltd. of Bombay consign goods to their Calcutta agent goods worth Rs. 10,000. They pay charges freight and insurance on the consignment amounting to Rs. 650. The goods were received in Calcutta and in due course the account sales was received as showing sales Rs. 14,000/-. Prepare consignment account in the books of Bombay Mills Ltd. The following expenses are incurred. Godown rent Rs. 70, insurance Rs. 80, Sundry charges Rs. 18; Commission amounts Rs. 700.

28. Sree Traders of Gujrat purchased 10,000 sarees @ Rs. 100 per saree. Out of these 6,000 sarees were sent on consignment to Nirmala Traders of Kolkata at the selling price of Rs. 120 per saree. The consignor paid Rs. 3000 for packing and freight. Nirmala Traders sold 5000 sarees @ Rs. 125 per saree and incurred Rs. 1,000 for selling expenses and remitted Rs. 5,00,000 to Gujrat on account. They are entitled to a commission of 5% on total sales plus a further of 25% commission on any surplus price realized over Rs. 120 per saree. 3,000 sarees were sold at Gujrat @ Rs. 110 per saree. Owing to fall in market price, the value of stock of saree in hand is to be reduced by 5%. You are required to prepare Nirmala Traders Account.
29. What are the advantages and disadvantages of consignment business?
30. John and Smith entered into a joint venture business to buy and sale garments to share profits or losses in the ratio of 5 : 3. John supplied 400 bales of shirting at Rs. 500 each and also paid Rs. 18,000 as carriage & insurance. Smith supplied 500 bales of suiting at Rs. 480 each and paid Rs. 22,000 as advertisement and carriage. John paid Rs.50,000 as advance to Smith. John sold 500 bales of suiting at Rs. 600 each for cash and also all 400 bales of shirting at Rs.650 each for cash. John is entitles for commission of 2.5% on total sales plus an allowance of Rs.2,000 for looking after business. The joint venture was closed and the claims were settled. Prepare Joint Venture Account.
31. X and Y entered into Joint Venture to sell a consignment of timber sharing profits and losses equally. X provides timber from stock at mutually agreed value of Rs. 50,000. He pays expenses amounting to Rs. 2,500. Y incurs further expenses on cartage, storage and colleeage of Rs. 6,500 and receives cash for sales Rs. 30,000. He also takes over goods to the value of Rs. 10,000 for his own use. At the close, X takes over the balance stock in hand which is valued at Rs. 11,000. Pass Journal Entries to record the above transactions in the books of X.
32. Which are the different ways in which dissolution of firm may take place?
33. On Dissolution of firm, what is the journal entry payment of realisation expenses in the following cases (a) When some expenses are incurred and paid by the firm in the process of realisation of assets and payment of liabilities (b) When realisation expenses are paid by a partner on behalf of the firm (c) When a partner has agreed to bear the realisation expenses?

34. Sita, Rita and Meeta are partners sharing profit and losses in the ratio of 2 : 2 : 1. Their balance sheet as on March 31, 2017 is as follows :

Balance Sheet of Sita, Rita and Meeta as on March 31, 2017

Liabilities		Amount	Assets		Amount
		(Rs.)			(Rs.)
General reserve		2,500	Cash at bank	2,500	
Creditors		2,000	Stock	2,500	
Capitals :			Furniture	1,000	
Sita	5,000		Debtors	2,000	
Rita	2,000		Plant and Machinery	4,500	
Meeta	<u>1,000</u>	8,000			
		<u>12,500</u>		<u>12,500</u>	

They decided to dissolve the business. The following amounts were realised : Plant and Machinery Rs. 4,250, Stock Rs. 3,500, Debtors Rs. 1,850, Furniture 750. For the service Sita is paid Rs. 60. Creditors paid 2% less. There was an unrecorded assets of Rs. 250, which was taken over by Rita at Rs. 200. Prepare Realisation account.

35. Salt Lake Ltd. Kolkata invoice goods to its branch at Delhi at a profit of 25% on cost. Prepare Branch Stock Account under Double Column from the following particulars :

Particulars	Amount	Particulars	Amount
	Rs.		Rs.
Opening stock (invoice price)	20,000	Normal loss (invoice price)	1,000
Goods sent to branch (...)	1,20,000	Pilferage of stock (...)	2,000
Goods return to H.O. (...)	5,000	Cash sales	97,000
Goods lost in transit (...)	5,000	Closing stock (...)	30,000

36. Which are the different journal entries to be passed in the book of Head office, in the case of independent branches?
37. How the following expenses apportioned in departmental accounts (a) Expenses on purchase (b) Expenses on sales (c) Expenses on building (d) Expenses on machines?
38. How inter-departmental transfers are dealt with in department accounting?

**(6 × 4 = 24 Marks)**

SECTION – D

Answer any **two** questions. **Each** question carries **15** marks.

39. Ram of Patna consigns to Shyam of Delhi for sale at invoice price or over. Shyam is entitled to a commission @ 5% on invoice price and 25% of any surplus price realized. Ram draws on Shyam at 90 days sight for 80% of the invoice price as security money. Shyam remits the balance of proceeds after sales, deducting his commission by sight draft. Goods consigned by Ram to Shyam costing Rs. 20,900 including freight and were invoiced at Rs. 28,400. Sales made by Shyam were Rs. 26,760 and goods in his hand unsold at 31<sup>st</sup> Dec represented an invoice price of Rs. 6,920. (Original cost including freight Rs. 5,220). Sight draft received by Ram from Shyam upto 31<sup>st</sup> Dec was Rs. 6,280. Others were in- transit. Prepare necessary any Ledger Accounts.
40. Bharat and Sujit joined together as co-ventures for equal share in profits through sale of television cabinets. On March 31, 2015. Bharat purchased 2,000 cabinets at Rs. 1,250 each for cash and sent 1,500 of these to sujit for sale, the selling price of each being Rs.1,300. All the cabinets were sold by April 30, 2015 by both and the proceeds collected. Each venturer recorded in his books only those transactions conducted by him, final profit and loss being ascertained through a Memorandum joint venture Account. The expenses met by the venturer were : Bharat : Freight and insurance Rs. 12,000. Selling expenses Rs. 5,000. Sujit : Clearing charges Rs. 1000. Selling expenses Rs. 12,000. Final settlement between the venturers took place on May 31, 2015. You are required to show : (a) joint venture with sujit A/c in the books of Bharat (b) Joint venture with Bharat A/c in the books of sujit; and (c) Memorandum joint venture Account.
41. Explain how the accounts are settled on dissolution of a firm.

42. Supriya and Monika are partners, who share profit in the ratio of 3:2. Following is the balance sheet as on March 31, 2020.

Balance sheet of Supriya and Monika as on March 31, 2020

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Supriya's capital	32,500	Cash at bank	40,500
Monika's capital	11,500	Stock	7,500
Sundry creditors	48,000	Sundry debtors	21,500
General reserve	13,500	Less : Provision for doubtful debts	500
		Fixed assets	36,500
	<u>1,05,500</u>		<u>1,05,500</u>

The firm was dissolved on March 31, 2020. Close the books of the firm with the following information : (a) Debtors realised at a discount of 5%, (b) Stock realised at Rs.7000, (c) Fixed assets realised at Rs.42,000, (d) Realisation expenses of Rs. 1,500, (e) Creditors are paid in full. Record necessary journal entries at the time of dissolution of a firm.

43. Which are the different methods of branch accounting?
44. Salt Lake Corporation presented the following trial balance on 31.03.2013 to the H.O. at New Delhi.

Particulars	Debit Amount Rs.	Particulars	Credit amount Rs.
Delhi H.O.	6,480	Sales	76,000
Stock 1.4.2012	12,000	Goods supplied to H.O.	12,000
Purchase	35,600	Creditors	3,700
Goods return from H.O.	18,000		
Salaries	3,000		
Debtors	7,400		
Rent	1,920		
Misc. Expense	940		
Furniture	2,800		
Cash at Bank	3,560		
	<u>91,700</u>		<u>91,700</u>

Additional information :

The branch account on H.O. books on 31.03.2013 stood at Rs. 920 (Debit). On 31.03.2013 the, H.O. forwarded goods to the value of Rs. 5,000 to the branch which are received on 3<sup>rd</sup> July. A cash remittance of Rs. 2,400 by branch on 29<sup>th</sup> March 2013, was received by the H.O. on 2<sup>nd</sup> April 2013. Closing Stock was valued at Rs. 5,400. Show the incorporation entries in the books of H.O. showing separate Branch Trading and Branch Profit and Loss Account, and Prepare Branch Account and Branch Balance Sheet also in H.O. books.

**(2 × 15 = 30 Marks)**