



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – ACCOUNTING AND FINANCE

SECOND SEMESTER – APRIL 2022

### UAF 2501 – ADVANCED FINANCIAL ACCOUNTING

Date: 17-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

#### PART – A

Q. No.1	Answer ALL questions	(20 x 1 = 20 Marks)	
a.	What are the different kinds of branches?	K1	CO1
b.	What are the characteristics of Hire Purchase System?	K1	CO1
c.	What is meant by sacrificing ratio?	K1	CO1
d.	What is consignment?	K1	CO1
e.	What is an account sale?	K1	CO1
Q.No.2			
a.	What is del credere commission?	K1	CO1
b.	What is revaluation account?	K1	CO1
c.	X and Y were partners sharing profits in the ratio of 7:3. Z was admitted on 3/7 <sup>th</sup> share in the profits. Calculate new profit-sharing ratio of the partners.	K1	CO1
d.	State the chief characteristics of computerised Accounting System.	K1	CO1
e.	What is joint venture?	K1	CO1
Q.No.3			
a.	What are the three methods of recordings transactions relating to joint venture?	K2	CO1
b.	A) Consignee's account is a i) Nominal Account ii) Personal Account iii) Real Account B) Any loss of goods which is not natural and is avoidable is called _____.	K2	CO1
c.	Purchases made and expenses paid from out of joint bank account are debited to _____ account.	K2	CO1
d.	All accumulated losses are transferred to the capital accounts of the partners in _____ Ratio.	K2	CO1
e.	The amount of general reserve is transferred to Partner's Capital Account in: a) New Profit Sharing Ratio b) Capital Ratio c) Old Profit Sharing Ratio	K2	CO1
Q.No.4			
a.	Profit on revaluation is a: a) Capital Profit b) revenue profit c) none of these	K2	CO1
b.	Revaluation Account is a _____ Account.	K2	CO1
c.	In the case of joint ventures profit is ascertained for each of the _____.	K2	CO1
d.	Abnormal loss is credited to _____ Account.	K2	CO1

e.	Del credere commission is calculated on: (a) Cash Sales (b) Credit Sales (c) Total Sales	K2	CO1																																																
<b>SECTION B</b>																																																			
<b>Answer any TWO of the following questions</b>			<b>(2 x 10 = 20)</b>																																																
5.	<p>IMPAL Ltd opened a branch on 1st January 1995 at Delhi. The figures given below are for the year 1995. Prepare Branch Account.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Goods Sent to Branch</td> <td></td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Sales</td> <td></td> <td></td> </tr> <tr> <td>    Cash</td> <td style="text-align: right;">20000</td> <td></td> </tr> <tr> <td>    Credit</td> <td style="text-align: right;">36000</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Cash received from Debtors</td> <td></td> <td style="text-align: right;">32,000</td> </tr> <tr> <td>Discount allowed to them</td> <td></td> <td style="text-align: right;">600</td> </tr> <tr> <td>Cash sent to branch for expenses</td> <td></td> <td style="text-align: right;">7,000</td> </tr> <tr> <td>Stock on 31/12/1995</td> <td></td> <td style="text-align: right;">8,000</td> </tr> <tr> <td>Debtors on 31/12/1995</td> <td></td> <td style="text-align: right;">3,400</td> </tr> </table>	Goods Sent to Branch		50,000	Sales			Cash	20000		Credit	36000	56,000	Cash received from Debtors		32,000	Discount allowed to them		600	Cash sent to branch for expenses		7,000	Stock on 31/12/1995		8,000	Debtors on 31/12/1995		3,400	K3	CO2																					
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6.	<p>A and B are partners sharing profits in the ratio of 3:2. Following is the balance sheet of the firm as on 31<sup>st</sup> March 1982:</p> <p style="text-align: center;">Balance Sheet as on 31<sup>st</sup> March 1982</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Liabilities</th> <th>Rupees</th> <th>Assets</th> <th>Rupees</th> </tr> </thead> <tbody> <tr> <td>Creditors</td> <td style="text-align: right;">38,000</td> <td>Cash in hand and at bank</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Salary outstanding</td> <td style="text-align: right;">12,000</td> <td>Debtors</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td></td> <td></td> <td>Less: Provision</td> <td></td> </tr> <tr> <td></td> <td></td> <td>For doubtful debts</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>Capitals:</td> <td></td> <td></td> <td style="text-align: right;">36,000</td> </tr> <tr> <td>    A</td> <td style="text-align: right;">40,000</td> <td>Bills Receivable</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>    B</td> <td style="text-align: right;">38,000</td> <td>Stock</td> <td style="text-align: right;">18,000</td> </tr> <tr> <td></td> <td></td> <td>Investments</td> <td style="text-align: right;">14,000</td> </tr> <tr> <td></td> <td></td> <td>Furniture</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td></td> <td></td> <td>Building</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td></td> <td style="text-align: right;">1,28,000</td> <td></td> <td style="text-align: right;">1,28,000</td> </tr> </tbody> </table> <p>At this date (when C is to be admitted) it is found that estimated value of provision for doubtful debts is Rs.6,500, furniture Rs.4,500, building Rs.45,000; Whilst an investment not recorded in the books is worth Rs.4,300 and a contingent liability of Rs.1,200 has become a certain liability. You are required to pass journal entries and prepare revaluation account and balance sheet after giving effect to the above.</p>	Liabilities	Rupees	Assets	Rupees	Creditors	38,000	Cash in hand and at bank	10,000	Salary outstanding	12,000	Debtors	40,000			Less: Provision				For doubtful debts	4,000	Capitals:			36,000	A	40,000	Bills Receivable	15,000	B	38,000	Stock	18,000			Investments	14,000			Furniture	5,000			Building	30,000		1,28,000		1,28,000	K3	CO2
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7.	<p>On April 1, 2017 A Ltd of Chennai consigned to Mr R, water heater dealer at Coimbatore, 200 water heater, invoiced at Rs.300 per set. The cost of each set was Rs.250 and Railway freight of Rs.600 was paid by the consignor, other expenses being paid by the consignee. On 1<sup>st</sup> July 2017, Mr R remitted an account sales showing that 160 water heaters have been sold at the price of Rs.300 per set. They deducted unloading charges and cartage of Rs.30, establishment expenses Rs.120 and commission at 5% of sales, remitting the draft for the balance. Make out an account sales.</p>	K3	CO2																																																
8.	<p>Distinguish between the following: a) Branch Accounts and Departmental Accounts.</p>	K3	CO2																																																

b) Hire Purchase and Instalment Purchase Systems.

### SECTION C

**Answer any TWO of the following questions**

**(2 x 10 = 20)**

9.	Y purchased a scooter on hire purchase system. The total cash price of the car is Rs.15,980 payable Rs.4,000 down and three instalments of Rs.6,000, Rs.5,000 and Rs.2,000 payable at the end of first, second and third year respectively. Interest is charged at 5% p.a. You are required to give journal entries and ledger accounts in the books of Y by first method. Rate of depreciation is 10% p.a on straight line method. Also show how the asset account will appear in the balance sheet under the first method.	K4	CO3
10.	Explain various kinds of reports prepared by the management accountant for different levels of management.	K4	CO3
11.	X & Co Madras consigns to Y & Co Bombay 1000 fans costing Rs.180 each at invoice price Rs.200 per fan, and pays Rs.500 on freight, Rs.300 on Insurance and Rs.600 as other expenses. Y & Co, remits Rs.50,000 as advance by 2 month's Bill. Y & Co spends Rs.200 on Octroi, Rs.200 on loading and unloading charges and Rs.1,000 on Rent and Other Expenses. It sells 600 fans at Rs.260 each on credit and 200 fans at Rs.250 each for cash. Y & Co remits the balance due by a bank draft after deducting their Ordinary Commission at 5% and Del Credere Commission at 1%. The consignee incurs a bad debt of Rs.300. Pass journal entries and show the important ledge account in the books of Consignor.	K4	CO3
12.	Distinguish between the following: a) Partnership and Joint Venture b) Sale and Consignment	K4	CO3

### SECTION D

**Answer any ONE of the following question**

**(1 x 20 = 20)**

13.	<p>The Balance Sheet of P and R on 31<sup>st</sup> March 2000 is set out below: They share profits and losses in the ratio of 3:1.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Liabilities</th> <th style="width: 15%;">Rupees</th> <th style="width: 30%;">Assets</th> <th style="width: 25%;">Rupees</th> </tr> </thead> <tbody> <tr> <td>Capitals:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">P</td> <td style="text-align: right;">40,000</td> <td style="padding-left: 20px;">Land and Buildings</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td style="padding-left: 20px;">R</td> <td style="text-align: right;">30,000</td> <td></td> <td></td> </tr> <tr> <td>General Reserve</td> <td style="text-align: right;">20,000</td> <td>Furniture</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Sundry Creditors</td> <td style="text-align: right;">20,000</td> <td>Stock</td> <td style="text-align: right;">8,000</td> </tr> <tr> <td></td> <td></td> <td>Sundry Debtors</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td></td> <td></td> <td>Cash</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td></td> <td></td> <td>Profit and Loss A/c</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td></td> <td style="text-align: right;">1,10,000</td> <td></td> <td style="text-align: right;">1,10,000</td> </tr> </tbody> </table> <p>They agreed to admit Kavitha into the firm, subject to the following terms and conditions:            (i) She will be entitled to one – fourth share of the profits.            (ii) She will bring in Rs.21,000 of which Rs.10,000 will be treated as her share of goodwill to be retained in the business.            (iii) Depreciation is to be provided on furniture @ 15%</p>	Liabilities	Rupees	Assets	Rupees	Capitals:				P	40,000	Land and Buildings	30,000	R	30,000			General Reserve	20,000	Furniture	2,000	Sundry Creditors	20,000	Stock	8,000			Sundry Debtors	60,000			Cash	4,000			Profit and Loss A/c	6,000		1,10,000		1,10,000	K5	CO4
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	(iv) Stock to be revalued at Rs.6,500 (v) 50% of the General Reserve is to remain as a provision for Bad and Doubtful Debts. Give Journal Entries to give effect to these arrangements and construct the Balance Sheet of the new firm.		
14.	S & Co of Madras, consigned 100 radio sets to V & Co of Vijayawada. The cost of each radio set was Rs.500. The consignor paid insurance Rs.500 and freight Rs.800. Account sales was received from V & Co, showing gross sale proceeds of 80 units at Rs.600 each. The expenses paid and deducted by them were: Carriage Rs. 20.00 Establishment expenses Rs. 130.00 Commission @ 5% Rs. <u>2,400.00</u> Rs. <u>2,550.00</u> Write out the Journal and ledger accounts in the books of the consignor and consignee.	K5	CO4

**SECTION E**

**Answer any ONE of the following question**

**(1 x 20 = 20)**

15.	X,Y and Z enter into a joint venture to divide profits equally. They bought goods from A for Rs.1,25,000 and from X for Rs.25,000. X contributed Rs.30,000, Y Rs.40,000 and Z Rs.90,000 which amounts were banked in a joint account. They settled their account with A by cheque and paid for carriage and other expenses for Rs.7,500. They sold goods for cash Rs.65,000 and to B on credit for Rs.1,40,000 who accepted a draft for the amount. The acceptance was cashed and realised Rs.1,37,000. X was allowed 5% commission on sales for effecting the transactions. Pass necessary journal entries and open accounts, assuming that the final settlement between parties was made by cheques.	K6	CO5																																								
16.	The following was the balance sheet of A and B on 31.12.83. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Liabilities</th> <th style="width: 15%;">Rupees</th> <th style="width: 30%;">Assets</th> <th style="width: 15%;">Rupees</th> </tr> </thead> <tbody> <tr> <td>Sundry Creditors</td> <td style="text-align: right;">38,000</td> <td>Cash at Bank</td> <td style="text-align: right;">11,500</td> </tr> <tr> <td>Mrs A's loan</td> <td style="text-align: right;">10,000</td> <td>Stock in trade</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>B's Loan</td> <td style="text-align: right;">15,000</td> <td>Debtors 20,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Less: provision <u>1,000</u></td> <td style="text-align: right;">19,000</td> </tr> <tr> <td>Reserve Fund</td> <td style="text-align: right;">5,000</td> <td>Fixture and Fittings</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>A's Capital</td> <td style="text-align: right;">10,000</td> <td>Plant and Machinery</td> <td style="text-align: right;">28,000</td> </tr> <tr> <td>B's Capital</td> <td style="text-align: right;">8,000</td> <td>Investments</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td></td> <td></td> <td>Profit and Loss Account</td> <td style="text-align: right;">7,500</td> </tr> <tr> <td></td> <td style="text-align: right;">86,000</td> <td></td> <td style="text-align: right;">86,000</td> </tr> </tbody> </table> <p>The firm was dissolved on 31.12.83 and the following was the result:  (i) A took over the investment at an agreed value of Rs.8,000 and agreed to pay off the loan to Mrs A.  (ii) The assets realised as follows:  Stock Rs.5,000, Debtors Rs.18,500, Fixture and Fittings Rs.4,500 and Plant and Machinery Rs.25,000  (iii) The expenses were Rs.1,100  (iv) The sundry creditors were paid off less 2 ½ % Discount.  A and B shares profits and losses in the ratio of 3:2. Journalise the entries to be made on dissolution.</p>	Liabilities	Rupees	Assets	Rupees	Sundry Creditors	38,000	Cash at Bank	11,500	Mrs A's loan	10,000	Stock in trade	6,000	B's Loan	15,000	Debtors 20,000				Less: provision <u>1,000</u>	19,000	Reserve Fund	5,000	Fixture and Fittings	4,000	A's Capital	10,000	Plant and Machinery	28,000	B's Capital	8,000	Investments	10,000			Profit and Loss Account	7,500		86,000		86,000	K6	CO5
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