

(Pages : 8)

K – 2488

Reg. No. : .....

Name : .....

**Third Semester B.Com. Degree Examination, March 2021**

**First Degree Programme under CBCSS**

**Core Course : CO 1342/CX 1342/TT 1342/HM 1342/CC 1343**

**ADVANCED FINANCIAL ACCOUNTING**

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

**(2019 Admission Regular)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

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

1. What do you mean by dissolution of partnership?
2. What do you understand by unrecorded assets?
3. What is fluctuating capital?
4. Who is an active partner?
5. Who is a consignor?
6. What do you understand by account sales?.
7. What are inter-departmental transfers?

P.T.O.

8. What do you mean by remittance-in-transit?
9. What do you understand by branches?
10. What is abridged incorporation?

(10 × 1 = 10 Marks)

#### SECTION – B

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

11. What are the advantages of registration of a partnership firm?
12. What are the different kinds of partners?
13. What do you understand by "piecemeal distribution"?
14. What is the need for consignment?
15. What is proforma invoice?
16. Briefly explain abnormal loss in consignment.
17. What do you understand by *del-credere* Commission? How is it calculated?
18. Give two examples of businesses in which joint venture are generally used.
19. Name the methods of keeping Joint Venture accounts.
20. What do you mean by "Debtors" method?
21. What are the main types of branches from accounting point of view?
22. What are dependent branches?

23. On 20<sup>th</sup> January 2020, Martin and Co., Kochi consigned 200 computer tables to Sea Land Furniture Mart, Kozhikode. On 30<sup>th</sup> June 2020, Sea Land Furniture Mart forwarded an Account Sales, with a bank draft for the balance, showing the following transactions:
- (a) 150 computer tables sold @ Rs. 1,300 and 30 @ Rs. 1,400 each.
  - (b) Unloading charges Rs. 700.
  - (c) Storage and insurance Rs. 600.
  - (d) Commission @ 12%.
  - (e) Advance given to Martin and Co. Rs. 1,00,000.
- You are required to prepare Account Sales.
24. 100 tonnes of coal are consigned @ Rs. 150 per tonne, non-recurring expenses being Rs. 4,000. Loss due to loading and unloading is 5 tonnes. The quantity sold by the consignee is 85 tonnes. Calculate the value of unsold stock.
25. Calculate the value of abnormal loss from the following details:
- (a) 10,000 kg. of oil was consigned at Rs. 32 per kg.
  - (b) Freight Rs. 8,000, packing Rs. 10,000 and insurance Rs. 2,000 were paid by the consignor.
  - (c) Consignee's expenses were: advertisement Rs. 2,800, godown rent Rs. 800.
  - (d) 1,500 kg. of oil was lost in transit and the insurance company paid Rs. 40,000 as compensation.
  - (e) 6,000 kg of oil was sold at Rs. 38 per kg.
  - (f) Stock with consignee was 2,000 kg; there being a normal loss of 500 kg.
26. Department A transferred to Department B 4,000 units of material X at Rs. 10 per unit. The actual cost of materials of Department A is Rs. 8 per unit. Find out the stock reserve on 1,000 units of material X which could not be consumed by Department B during the year.

**(8 × 2 = 16 Marks)**

## SECTION – C

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

27. Enumerate the contents of Partnership Deed.
28. What are the conditions for compulsory dissolution of a partnership firm?
29. Distinguish between Realization Account and Revaluation Account.
30. How does joint venture differ from consignment?
31. Distinguish between Invoice and Account Sales.
32. List out the basic features of a Joint Venture business.
33. What are the advantages of departmental accounts?
34. How would you allocate the following indirect expenses among different departments of departmental organization?
  - (a) Sales Manager's salary
  - (b) Bad Debts
  - (c) Rent, Rates and Taxes
  - (d) Lighting
35. The partnership firm of X, Y and Z was dissolved. Their Balance Sheet as at 31<sup>st</sup> December, 2019 was as under:

	Rs.		Rs.
X's Capital	18,000	Plant and Machinery	20,000
Y's Capital	15,000	Stock	17,000
Z's Capital	10,000	Debtors	15,000
Sundry Creditors	8,000	Cash at Bank	2,000
Outstanding expenses	1,000		
Reserve	2,000		
	<u>54,000</u>		<u>54,000</u>

X, Y and Z were sharing profits and losses as 5 : 3 : 2. Plant is sold for Rs. 15,000 and Stock for Rs. 18,000. In addition, stock worth Rs. 2,000 was taken over by X. Debtors realized Rs. 11,000. Creditors were paid Rs. 7,000 in full settlement. Rs. 1,000 was spent for realization expenses.

Prepare Realization Account.

36. Pass the necessary journal entries for the following transactions on the dissolution of a firm, after various assets (other than cash) and third party liabilities have been transferred to Realization Account:
- Bank Loan Rs. 10,000 is paid.
  - Stock worth Rs. 5,000 is taken over by partner A.
  - Expenses on dissolution amounted to Rs. 1,200 and were paid by partner B.
  - Loss on Realization Rs. 7,000 was to be distributed between A and B in the ratio of 5 : 2.
37. Salem Garments Ltd. opened a branch at Kozhikode on 1<sup>st</sup> April, 2019. Prepare Kozhikode Branch Account for the year ended 31<sup>st</sup> March 2020, from the following information.

	Rs.
Goods sent to Kozhikode Branch	3,25,000
Cash sent to branch for -	
Salaries	35,000
Rent	32,000
Sundry expenses	10,000
Cash remitted by the branch	4,32,000
Closing stock at branch	60,500
Petty cash in branch (31-3-2020)	1,400

38. The Mumbai Head Office sent goods to Chennai branch at 25% profit over costs. From the following details, prepare the Branch Account in the Head Office books and ascertain the net profit at the branch:

	Rs.
Opening stock of goods at branch at invoice price	20,000
Goods sent to branch at invoice price	90,000
Loss of goods in transit at invoice price	6,000

	Rs.
Pilferage at branch at cost to branch	1,200
Closing stock at branch at its cost	16,000
Sales at branch	1,05,000
Salaries and wages at branch	6,000
Other expenses at branch	3,000

Chennai branch received Rs.4,000 from the Insurance Company in settlement of the claim for the loss of goods in transit.

**(6 × 4 = 24 Marks)**

#### SECTION – D

Answer any **two** questions in not exceeding **4** pages each. Each question carries **15** marks.

39. What is piecemeal distribution? Discuss the two methods of piecemeal distribution.
40. Discuss in detail the different types of branches from accounting point of view.
41. Neptune, Jupiter, Venus and Pluto had been carrying on business in partnership, sharing profits and losses in the ratio of 3:2:1:1. They decide to dissolve the partnership on the basis of the following Balance Sheet as on April 30, 2020:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Premises	1,20,000
Neptune	1,00,000	Furniture	40,000
Jupiter	<u>60,000</u>	Stock	1,00,000
General Reserve	56,000	Debtors	40,000
Capital Reserve	14,000	Cash	8,000
Sundry Creditors	20,000	Capital	
		Overdrawn:	
Mortgage Loan	80,000	Venus	10,000
		Pluto	<u>12,000</u>
	<u>3,30,000</u>		<u>22,000</u>
			<u>3,30,000</u>

- (a) Assets were realized as follows: debtors Rs. 24,000, stock Rs. 60,000; furniture Rs. 16,000; and premises Rs. 90,000.
- (b) Expenses of dissolution amounted to Rs. 4,000.
- (c) Further creditors of Rs. 12,000 had to be met.
- (d) General reserve, unlike capital reserve, was built up by appropriation of profits.

Draw up Realization Account, Partners' Capital Accounts and Cash Account assuming that Venus became insolvent and nothing was realized from his private estate. Apply the principles laid down in *Garner vs Murray*.

42. Kay sent 500 articles to his agent Jay at an invoice price (cost to Kay) of Rs. 25 per article and paid freight and cartage Rs. 460. Jay sold 300 articles @ Rs. 30 per article and sent an account sales deducting Rs. 200 for storage charges and Rs. 300 for selling expenses. He charged 10% commission on the gross sale proceeds and remitted the amount due to Kay. Jay also informed Kay that 50 articles had been damaged in transit and they fetched only total 70% of their cost. Prepare necessary ledger accounts in Kay's books of accounts showing the profit earned by the consignor.
43. X, Y and Z enter into a joint venture to share profits in the ratio of 3:2:1 respectively. X, Y and Z contributed Rs. 3,000, Rs. 4,000 and Rs. 5,000 respectively, which amounts were deposited in a Joint Bank Account. They purchased goods worth Rs. 10,000 from N, and made him the payment by cheque. They incurred Rs. 250 as expenses on the goods purchased.

A part of the goods was sold for Rs. 9,000 and the amount was received in cash. The remaining goods were sold to P on credit for Rs. 6,000, who accepted a bill, which was discounted for Rs. 5,900.

X was allowed commission @ 5% on sales for his extra services.

Prepare Joint Venture Account, Joint Bank Account and Personal Accounts.

44. Department R sells goods to Department S at a profit of 25% on cost and Department T at 10% profit on cost. Department S sells goods to R and T at a profit of 15% and 20% profit on sales respectively. Department T charges 20% and 25% profit on cost to Department R and S respectively.

Department managers are entitled to 10% commission on net profit subject to unrealized profit on departmental sales being eliminated. Departmental profits after charging manager's commission, but before adjustment of unrealized profit, are as under:

		Rs.
Department	R	54,000
Department	S	40,500
Department	T	27,000

Stock lying at different departments at the end of the year are as under:

	Department R (Rs.)	Department S (Rs.)	Department T (Rs.)
Transfer from Department R	-	22,500	16,500
Transfer from Department S	21,000	-	18,000
Transfer from Department T	9,000	7,500	-

Find out the correct departmental profits after charging manager's commission.

**(2 × 15 = 30 Marks)**