(Pages : 7)

D – 3146

Reg. No. : .....

Name : .....

Third Semester B.Com. Degree Examination, December 2017
First Degree Programme Under CBCSS
Core Course : CO 1343/CC 1344
ADVANCED FINANCIAL ACCOUNTING
(Common for Commerce/Commerce with Computer Application)
(2014 Admn. Onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. Who is Consignee ?
2. What is over-riding commission ?
3. What is the treatment of goods in transit in Branch Account ?
4. Explain the meaning of Debtors System.
5. What is Joint Venture ?
6. What is Branch Adjustment Account ?
7. What is Realisation Account ?
8. What is Memorandum Joint Venture Account ?
9. Give the basis of apportionment of the following items in the departmental accounts :
   a) Power
   b) Depreciation.
10. What do you mean by interbranch transaction ?

(10×1=10 Marks)

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P.T.O.

SECTION – B

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

11. What are the features of Joint Venture ?
12. What is Goods in transit and Cash in transit ?
13. What is recurring and non-recurring expenses on consignment ?
14. What is Delcredre commission ?
15. What is Branch Profits and Loss Account ?
16. What are the differences between branches and departments ?
17. Distinguish between dissolution of partnership and firm.
18. What do you mean by incorporation of branch Trial Balance ?
19. What are the ways in which head office may keep the branch accounts in its books ?
20. Distinguish between Account Sales and Invoices.
21. What are the different modes of dissolution of partnership firm ?
22. X sent goods worth ₹ 5,000 to 'Y' and paid ₹ 600 for packing and ₹ 400 for insurance. 'Y' took the delivery of the goods and paid ₹ 1,000 for freight, ₹ 200 for cartage and unloading ₹ 300 for godown rent, ₹ 200 as selling expenses and ₹ 400 for insurance of sold three fourth of the goods for ₹ 9,000. Compute the value of closing stock.

(8×2=16 Ma

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SECTION – C

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

23. Distinguish between consignment and sale.
24. Define joint venture. What are the features of joint venture ?

25. Ramu of Cochin consigned goods of the cost of ₹ 10,000 to his agent, Ajith of Agra and incurred ₹ 2,000 for packing, forwarding and freight. Ajith took delivery of the goods after spending ₹ 3,000 for duty and clearing charges. He sold 3/4th of the goods for ₹ 15,000 for which he is entitled to a commission of 5%. His sales expenses amounted to ₹ 300. Prepare Consignment Account after showing the valuation of unsold stock.

26. C of Calcutta entered into a joint venture with A of Amritsar and M of Mirzapur on the following arrangement :

a) A would purchase blankets and M would purchase carpets both of whom would send to C goods for sale.

b) C would sell the goods at the best possible price and would send the remittances to A and M in accordance with their respectives dues.

c) Profits would be shares equally between the parties A purchased 500 blankets @ ₹ 50 each and spent ₹ 600 for freight etc. M Purchased 100 carpets at ₹ 350 each and spent ₹ 800 for freight etc. C sold all the blankets and carpets at ₹ 78,000 and his expenses amounted to ₹ 1,600. Show the Joint Venture Account and Co-ventures Account in the books of C.

27. Jyothi and Vikas were equal partners in a manufacturing business on June 2008, they dissolved the firm on which date their Balance Sheet was as follows :

	₹			₹
Creditors	28,000		Cash at Bank	2,500
Less : Reserve for discount	1,000	27,000	Debtors	42,000	
Reserve for contingencies		5,000	Less : Provision	2,000	40,000
Mrs. Vikas Loan		10,000	Stock		32,000
Reserve Fund		15,000	Furniture		3,500
Jyothi's Loan		8,000	Plant and Machinery		25,000
Jyothi's Capital A/c		21,000	Prepaid Expenses		1,000
Vikas Capital A/c		18,000			
		1,04,000			**1,04,000**

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Stock, Debtors, Plant and Machinery and Goodwill realised ₹ 27,000, ₹ 38,000, ₹ 20,000 and ₹ 5,000 respectively. Furniture did not realise any value. An amount of ₹ 6,000 was paid on account of contingent liabilities. The expenses of realisation were ₹ 1,000.

The firm had previously made some investment in shares of a Joint Stock Company and had written off this investments on finding it useless. The investment now realised ₹ 1,500.

Prepare Realisation Account and Partners Capital Account.

28. From the following particulars, find out the profit that you consider as having been earned by the Kannur Branch of Cochin Industries Ltd.

	₹
Stock on 1st January 2010 (Invoice Price)	10,000
Goods sent to branch during 2010 (at invoice price)	55,000
Expenses at branch during the year	3,000
Sales during the year	60,000

Goods are invoiced to the branch at cost plan 25%; the sales price is cost plus 50%. Also find out the stock reserve that should be maintained in respect of unrealised profit.

29. The following are extracted from the Trial Balance of Head Office and its Kozhikode Branch.

	H.O.		Kozhikode Branch	
	Dr.	Cr.	Dr.	Cr.
	₹	₹	₹	₹
Branch A/c	16,000	–	–	–
Goods sent to Kozhikode Branch	–	12,000	–	–
Goods received from H.O.	–	–	10,500	–
Head Office Account	–	–	–	13,500

Show how the adjusting entry will appear if it is given by H.O. Also prepare a Reconciliation Statement.

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30. Mr. Arun of Kollam has opened a Branch of Mumbai which sells goods for Cash only. The following are the transaction between the Branch Office and H.O. for the year ended 31st December 2010

	₹
Opening Stock on 1st January 2010	1,00,000
Goods supplied to Branch	2,50,000
Cash sent to Branch for rent	1,000
Cash sent for other expenses	500
Cash received from Branch during 2010	3,00,000
Closing stock on 31st Dec. 2010	75,000
Petty Cash balance on 31st Dec. 2010	50

From the above, pass Journal Entries and prepare Mumbai Branch Account.

31. Shri Gangaram sells two products manufactured in his own factory. The goods are made in two departments A and B for which separate sets of accounts are maintained. Some of the manufactured goods of Departments A used as raw materials by Department B and vice versa.

From the following particulars, you are required to ascertain the total cost of goods manufactured in Dept. A and B.

	Dept. A	**Dept. B**
Total units manufactured	10,00,000	5,00,000
Total cost to manufacturer	10,000	5,000

Dept. A transferred ₹ 2,50,000 units to Dept. B and the latter transferred 1,00,000 units to the former. **(6×4=24 Marks)**

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SECTION – D

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

32. X, Y and Z were partners. Their Balance Sheet stood as under on the date when the firm was dissolved :

	₹		₹
Sundry creditors	60,000	Sundry Assets	55,000
X's Capital A/c	22,000	P/L A/c	12,000
Z's Capital A/c	10,000	Y's Capital A/c	25,000
	92,000		**92,000**

The assets realised ₹ 40,000. The expenses of realisation amounted to ₹ 1,000. The position of the partners was as follows :

	Private Estate	Private Liabilities
	₹	₹
X	18,000	20,000
Y	12,000	21,000
Z	12,000	10,000

Prepare the necessary Ledger Accounts to close the books of the firm.

33. M/S Gulabi and Sons has two departments cloth and readymade clothes. Readymade clothes are manufactured by the firm itself out of cloth supplied by the cloth department at its usual selling rate. From the following figures, prepare departmental Trading and P/L A/c and General P/L A/c for the year ending 31st Dec. 2004 :

	Cloth dept.	Readymade Cloth dept.
	₹	₹
Opening stock on 1-1-2004	3,60,000	60,000
Purchases	29,00,000	20,000
Transfer to readymade clothes depts.	4,50,000	–
Manufacturing expenses	–	1,40,000
Closing stock on 31-Dec.-2014	1,00,000	48,000

General expenses incurred for both the departments were ₹ 1,20,000. The stocks in the readymade clothes departments may be considered as consisting of $66^2/_3$% cloth and $33^1/_2$% other expenses. The cloth department earned profit at the rate of 18% in 2004.

34. Crown Industries Mumbai has a branch of Madurai to which goods are invoiced at cost plus 25%. The branch makes sales both for cash and on credit. Branch expenses are paid direct from Head Office and the branch remits all cash to Head office.

From the following details, prepare the necessary Ledger Accounts in Head Office books to calculate branch profits as per the stock and debtors system.

	₹
Goods Received from Head Office at invoice price	60,000
Returns to Head Office at invoice price	1,200

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Branch stock on 1-1-2009 at invoice price	6,000
Cash sales	20,000
Credit sales	36,000
Branch Debtors on 1-1-2009	7,200
Cash collected from Debtors	32,000
Discount allowed to Debtors	600
Bad debts in the year	400
Goods returned by debtors to Branch	800
Rent, Rates and Taxes at branch	1,800
Branch office expenses	600
Branch stock of invoice price on 31-12-2009	12,000

The difference in Branch Stock Account is to be treated as surplus.

35. A of Ajmer consigned goods to B of Baroda for sale at invoice price or over. B was entitled to a commission of 3% on invoice price and 20% of any surplus price realised.

Goods costing ₹ 24,000 were consigned to Baroda. There were invoiced at a price so as to show a profit of 25% on invoice price. A paid there on ₹ 1,500 for freight and ₹ 500 for insurance on arrival of the goods, B paid ₹ 800 as lending charges and ₹ 2,000 for selling and godown expenses.

An account sale was received from B showing that he had effected sales of ₹ 30,000 in respect of $4/5^{th}$ of the quantity of goods consigned to him. B sent a Bank overdraft for the amount so far due from him.

Prepare Consignment Account and B's account in the books of A. **(2×15=30 Marks)**

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