

Reg. No. :

Name :

Third Semester B.Com. Degree Examination, March 2022

First Degree Programme under CBCSS

Core Course

CO 1342 / CX 1342 / TT 1342 / HM 1342 / CC 1343

ADVANCED FINANCIAL ACCOUNTING

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

(2019 & 2020 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Very short answer type (1 sentence to Maximum of 2 sentences)

Each question carries 1 mark.

1. What do you mean by limited liability partnership?
2. What do you mean by dissolution?
3. What is over riding commission?
4. When will you follow the memorandum method under joint venture?
5. What do you mean by debtors system under branch accounting?
6. How can you record depreciation on branch assets?

7. What is departmental accounting?
8. What is the journal entry to record the transfer of goods from one department to another?
9. What is wholesale branch?
10. When will a branch keep a separate system of accounting?

(10 × 1 = 10 Marks)

SECTION – B

Short answer type (Not to exceed 1 paragraph) Answer **any eight** questions

Each question carries **2** marks.

11. Why is departmental accounting needed?
12. How instalment system is useful?
13. What is Stock and Debtor's system?
14. What is meant by hire purchase?
15. What is 'Net hire purchase charges'?
16. Which statement is to be prepared by the branch that is allowed to sell only for cash?
17. What is memorandum stock account?
18. What is an independent branch?
19. What is realisation account?
20. What do you mean by piece meal distribution?
21. What is del credere commission?
22. How can you treat the goodwill taken over by a partner on dissolution?
23. How can you transfer the balance in realisation account?

24. How can you treat branch debtor's account?
25. How can you treat abnormal loss on consignment?
26. What is Proforma Invoice?

(8 × 2 = 16 Marks)

SECTION – C

Short Essay type (Not to exceed 120 words) Answer **any six** questions.

Each question carries 4 marks.

27. Discuss Garner Vs Murray Rule.
28. Distinguish Consignment and sales.
29. What is Loss in transit?
30. Write note on dependent branch.
31. Discuss the steps to incorporate the branch trial balance in the head office book.
32. Differentiate departmental accounting and branch accounting.
33. Mumbai branch transfers goods worth Rs.50,000/- to the Kerala branch with the permission of the head office. Pass journal entries in the books of all the parties concerned.
34. P, Q and R are partners whose Balance sheet was as follows :

Liabilities	Amount	Assets	Amount
Creditors	50,000	Bank	500
P's Loan	10,000	Debtors	10,000
Capital – P	8,000	Stock	8,000
Capital – Q	5,000	Machinery	20,000
		Furniture	8,000
		Land and Building	20,000
		Q's Capital	6,500
	<u>73,000</u>		<u>73,000</u>

The assets are realised as follows:

Stock Rs.5,000/-, Machinery Rs.10,000/-, Furniture Rs.2,000/-, Land and Building Rs.8,000/-, Debtors Rs.5,500/- Realisation Expenses Rs.500/-. Prepare Realisation account.

35. Department A transferred goods at a price 50% above cost to Dept. B. If closing stock of Dept. B is Rs.27,000, Compute the amount of stock reserve.
36. Raja sent 50 pieces of fancy goods to Kozhikode, on which the consignee receive 5% commission plus expense. The costs of goods were Rs.40 per piece. The consignor paid Rs.150/- for transporting the goods and the consignee paid Rs.150/- for taking delivery of the goods. It was reported that the whole consignment was sold for Rs.3,000/- Prepare consignment account.
37. A and B were partners in a joint venture sharing profit in the ratio of 4:1. A supplies goods worth Rs.5,000/- by incurring an expense of Rs.400/-. B supplies goods worth Rs.4,000/- and his expense amounts to Rs.300/-. B sells goods on behalf of the joint venture and realises Rs.12,000/-. B is entitled to a commission of 5% on sales. B settles his account by bank draft. Prepare joint venture account in the books of A.
38. How will you value unsold stock in Consignment?

(6 × 4 = 24 Marks)

SECTION – D

Answer any two. Each question carries 15 marks.

39. Analyse the features and advantages of Departmental accounting.
40. Discuss the features of different types of branch accounting.
41. Define joint venture and analyse its distinctions from partnership and Consignment.

42. From the following details, prepare necessary accounts showing final settlement on the dissolution of the firm.

Liabilities	Amount	Assets	Amount
Creditors	62,500	Building	50,000
Capital A	37,500	Stock	50,000
B	25,000	Debtors	40,000
C	7,500	Bank	5,000
D	12,500		
	<u>1,45,000</u>		<u>1,45,000</u>

D was a minor with a right to get 1/5 th share in the profit and the remaining partners share the balance in equal ratio. The capital account of D represent undrawn profit. The profit drawn by him and lying his bank account amounts to Rs.18,750/-. The firm had taken out a policy on the life of A, the paid up value of which is 37,500/- on which the surrender value is Rs.25,000/-. The firm is dissolved due to technical reason and the assets were realised as follows: Building 25% less, stock at 80%, Debtors 20% less. Sundry creditors allowed a discount averaging 8% and A took over his policy at the surrender value. Compensation to workers totalled Rs.50,000/- and the expenses amounted to Rs.24,500/-. A bought in necessary cash to affect the payments. C is insolvent, his estate realised 40% of what is due by him. Apply Garner Vs Murray rule.

43. A firm had two departments – cloth and ready-made dress. The Readymade dresses were made by the firm itself out of cloth supplied by the cloth department at its usual selling price. From the following details, prepare Departmental Trading and Profit and Loss account.

Particulars	Cloth Dept.	Ready-made Dept.
Opening stock	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to ready made	3,00,000	
Manufacturing Expenses		60,000
Selling Expenses	20,000	6,000
Closing Stock	2,00,000	60,000

Stock in the ready-made department may be considered as consisting 75% cloth and 25% other expenses. The cloth department earned gross profit at the ratio of 15%. General expense of business as a whole is amounted to Rs.1,10,000/-

49. On 1st April 2020 Swastic Oil mill consigned 10,000 Kg of oil to Mr Das of Kuzhikode costing Rs.20/- per Kg by meeting freight charge and insurance of Rs.5,000/- During transit about 250 Kg of oil were accidentally destroyed for which the insurance company paid Rs.4,000/- to the consignor in full settlement. Das took delivery of the consignment on 10th April. And he reported that 7,500 Kg of the oil were sold at Rs.30/- per Kg and he paid godown rent Rs.2,000/- and advertisement Rs.10,000/- and salary Rs.20,000/-. Das is entitled to get 3% commission and 1.5% del credere commission. A party who had bought 1000 Kg was able to pay only 50% of the amount due. Das also reported that a loss of 100 Kg of oil due to leakage. Das paid the amount by way of bank draft. Prepare necessary accounts in the books of both the parties.

(2 × 15 = 30 Marks)