

II Semester B.Com. Examination, April/May 2015

(C.B.C.S) (2014-15 and Onwards) (Freshers)

COMMERCE

Paper – 2.3 : Advanced Financial Accounting

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written either **completely in English or in Kannada.**

SECTION – A

1. Answer **any five** of the following. Each question carries **two marks.** (5×2=10)

a) What is Del-credere commission ?

b) Who is consignor ?

c) Why is Memorandum Trading Account prepared ?

d) State the method of accounting for Joint Venture.

e) From the following information find out fire insurance claim :

Value of stock on the date of fire ₹ 2,00,000

Policy amount ₹ 1, 50,000

Goods saved from fire ₹ 50,000.

f) What do you mean by load price ?

g) How do you allocate the following expenses in departmental accounting ?

i) Carriage outwards

ii) Canteen expenses.

P.T.O.



SECTION - B

Answer any three of the following. Each question carries six marks.

(3×6=18)

2. On 15th June 2014 the premises and the stock in a firm was destroyed by fire, but the accounting records were saved, from which the following particulars were available.

	₹
Stock on 1-1-2013	1,75,000
Stock on 31-12-2013	1,95,000
Purchases for the year 2013	8,76,000
Sales for the year 2013	11,69,000
Purchases from 1-1-2014 to 15-6-2014	3,84,000
Sales from 1-1-2014 to 15-6-2014	5,54,400
Stock salvaged	81,200
Show the amount of claim.	

3. Lokesh of Mysore sends 2000 Kgs of oil at ₹ 120 per Kg to Nataraj at Hubli. The consignor spends ₹ 11,000 on cartage, insurance and freight. On the way 100 Kgs of oil was lost (normal loss) due to leakage and evaporation. Nataraj took delivery of the consignment and spent ₹ 9,000 on octroi and carriage. His selling expenses were ₹ 7,000 on 1700 Kg's of oil sold. Determine the value of stock.

4. Kavitha and Kalpana are entered into a joint venture sharing profits and losses in the ratio of 3 : 2. Kavitha contributes ₹ 1,20,000 and Kalpana ₹ 1,60,000. The amount contributed by them were deposited into a joint bank account. They bought goods for cash ₹ 2,00,000 and from Kavitha for ₹ 80,000. They paid for carriage ₹ 15,000. Rent ₹ 4,000, Insurance ₹ 5,000 and other expenses ₹ 9,000. All the goods were sold for ₹ 3,50,000.

Pass necessary journal entries.



5. Keerthi Ltd. had its Head Office in Bengaluru and branch at Mysuru. You are given the following information relating to Mysuru branch for the year ended 30-6-2014.

	₹
Stock at branch on 1-7-2013	38,400
Petty cash at branch on 1-7-2013	130
Goods sent to branch	55,100
Goods returned by the branch	4,700
Cash sales at branch	85,200
Cash sent to branch for expenses – Salaries ₹ 15,300, Rent ₹ 3,600, Petty cash ₹ 3,100.	

Prepare Mysuru Branch A/c in the books of H.O.

6. From the following indirect expenses, determine the basis of apportionment among the department.

- 1) Labour welfare expenses.
- 2) Insurance premium on building.
- 3) Electricity bills (lighting etc.)
- 4) Reserve for bad debts.
- 5) Repairs and insurance of building.
- 6) Aftersales service.

SECTION - C

Answer any three of the following. Each question carries fourteen marks. (3x14=42)

7. The premises of Bharath Traders were destroyed by fire on 30-4-2015.

The stock was fully insured. The concern has made accounts up to 31-12-2014. The following information is available.

	₹
Stock on 1-1-2014	1,52,720
Stock on 31-12-2014	1,16,140
Purchases from 1-1-2015 to the date of fire	3,68,270
Purchases up to 31-12-2014	4,72,580
Sales up to 31-12-2014	5,40,000
Sales from 1-1-2015 to the date of fire	5,11,700



Further information is also available :

- 1) In Feb. 2015 goods costing ₹ 15,000 were given away for advertising purpose, no entry being made in the books.
- 2) During 2015 a clerk had misappropriated cash sales of ₹ 6,000.
- 3) The rate of gross profit is constant over the year.
- 4) Value of stock saved was ₹ 18,000 and the expenses incurred to extinguish fire is ₹ 1,200.

From the above information prepare a statement showing the claim to be lodged for loss of stock.

8. M/s Raghu and Co. of Delhi consigned on 15th March 2012, 45 cases of glass at cost price ₹ 45,000 to Reddy and Co. of Hyderabad for sale on commission at 5% on gross sale proceeds. The consignor paid freight and carriage amounting to ₹ 539.

The goods arrived at Hyderabad on 20th March 2012, Reddy and Co. paid clearing charges ₹ 235, sundry charges ₹ 59, carriage ₹ 102 and godown charges ₹ 90.

The goods were sold by Reddy and Co. as under

15 cases at ₹ 1,000 per case, 22 cases at ₹ 1,050 per case and the remaining 8 cases at ₹ 1,250 per case.

On June 21, 2012, Reddy and Co. sent a draft for ₹ 10,000 to M/s Raghu and Co. on account. On 1st July 2012, Reddy and Co. forwarded an account sales together with a Bill of Exchange for the balance.

Give journal entries to record the above transactions in the books of consignor and consignee. Calculations are to be made to the nearest Rupee.



9. Akash and Ashwin undertook a joint venture for construction of a college building. A joint bank account was opened in which Akash deposited ₹ 2,00,000 and Ashwin ₹ 50,000. The contract price was ₹ 10,00,000. The profit of joint venture was to be shared as to Akash $\frac{2}{3}$ and Ashwin $\frac{1}{3}$.

The details of the transactions are as follows :

	₹
Salaries	30,000
Wages	1,80,000
Materials supplied by Akash	35,000
Building materials purchased	4,00,000
Materials supplied by Ashwin	35,000
Architect's fees	25,000
Carriage	45,000
Machinery purchased	80,000

On the completion of the contract the unused materials of the value ₹ 40,000 were taken over by Akash. The machinery was sold for ₹ 60,000. Mr. Ashwin was to be paid a remuneration of ₹ 30,000 for his service which is to be charged to the joint venture.

Prepare the necessary ledger account.

10. A cloth company of Gwalior has its branch at Delhi. Goods are invoiced to the branch at cost plus 25%. Branch has been instructed to deposit daily all cash received by it in the Head Office, except petty expenses which are met by the branch manager from the petty cash amount sent by the H.O. from time to time.



From the following particulars, prepare Delhi Branch Account in the books of the H.O. at Gwalior.

The branch sells the goods at the invoice price only.

	₹
Stock on 1-4-2013 at invoice price	36,000
Sundry debtors on 1-4-2013	21,000
Cash in hand on 1-4-2013	960
Office furniture on 1-4-2013	3,000
Goods received from H.O. (invoice price)	1,90,000
Goods returned to H.O. (invoice price)	2,500
Cash received from debtors	72,000
Credit sales	1,20,000
Discount allowed to debtors	700
Goods returned by debtors	1,100
Expenses paid by H.O.	
For rent	₹ 2,900
For salary	₹ 5,600
For printing and stationery	<u>720</u>
Petty expenses paid by the branch manager ₹ 670.	9,220
Depreciation is to be provided on branch furniture at 10% p.a.	

11. From the following particulars, prepare the Departmental Trading and Profit and Loss Account for the year ended 31-12-2014.

Particulars	Dept. A	Dept. B	Total
	₹	₹	₹
Opening stock	14,000	12,000	26,000
Purchase	75,100	69,800	1,44,900



Sales	1,00,000	80,000	1,80,000
Returns outwards	1,100	800	1,900
Salaries	9,000	8,500	17,500
General salaries	—	—	11,600
Rent and rates	—	—	6,000
Advertising	—	—	8,100
Insurance	—	—	1,000
Carriage outwards	—	—	5,400
Discount allowed	—	—	1,800
Discount earned	—	—	1,430
Accountancy charges	—	—	2,860
Carriage inwards	—	—	1,430

Additional Information :

- a) General salaries are to be allocated equally.
- b) The area occupied is in the ratio of 3 : 2.
- c) Insurance premium and accountancy charges cannot be allocated conveniently to any department.
- d) Closing stock of Dept. A was ₹ 16,000 and that of Dept. B ₹ 17,000.