



MS - 421

II Semester B.Com. Examination, May 2016
(Fresh + Repeaters) (CBCS) (2014-15 and Onwards)
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)

- Give the meaning of average clause.
- What is consignment ?
- From the following information, findout the gross profit ratio.
Sales is ₹ 6,00,000 and Gross profit is ₹ 1,35,000.
- When is a Memorandum Joint-Venture Account opened ?
- What is over-riding commission ?
- What are domestic branches ?
- Give the meaning of departmental undertaking.

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SECTION - B

Answer any three of the following. Each question carries six marks. (3×6=18)

2. A fire occurred in the premises of Pramod Co. on 15-10-2015. Some of the accounting records were saved from which the following details are available.

| | |
|---------------------------------------|------------|
| Opening stock on 1 Jan. 2015 | ₹ 45,000 |
| Purchases from 1-1-2015 to 15-10-2015 | ₹ 2,00,000 |
| Sales from 1-1-2015 to 15-10-2015 | ₹ 3,00,000 |
| Rate of Gross profit | 30% |
| Salvage | ₹ 8,000 |

It was the practice of the company to value the stock at 10% less than cost. The amount of policy ₹ 30,000. There was an average clause.

- Prepare a claim for insurance.

3. Mr. Nandish of Mysore, consigned 500 Kgs. of oil @ ₹ 30 per Kg. to Mr. Satish. He paid ₹ 4,000 as carriage and freight charges.

Mr. Satish also paid ₹ 1,000 towards unloading charges ₹ 2,000 as godown rent and ₹ 1,500 as selling expenses. Normal loss due to leakage is 40 Kgs. of oil in transit. Satish sold 320 Kgs. of oil @ ₹ 55 per Kg. and 19 Kgs. of oil @ ₹ 60 per Kg. Calculate value of unsold stock.

4. Radha and Sowmya entered into a Joint-Venture to buy and sell goods and share profits and losses equally. They opened a Joint Bank Account to which Radha contributed ₹ 55,000 and Sowmya contributed ₹ 50,000. Radha and Sowmya purchased goods for ₹ 1,05,000. Radha also supplied goods worth ₹ 7,500 and paid rent for the venture ₹ 1,500. They sold goods for ₹ 1,60,000. The expenses incurred on advertisement amounted to ₹ 4,000, which were paid by Sowmya and she took balance of stock for ₹ 3,000.

Prepare Joint Venture Account in the books of Radha.



5. Hindustan Company Limited invoices goods to its Belagavi Branch at cost. The branch sells goods only on cash basis. All the cash received being remitted to Head Office account by the branch regularly.

| | |
|---------------------------------------|----------|
| Goods sent to branch | ₹ 40,000 |
| Goods returned by branch | ₹ 1,800 |
| Stock at branch on 1-1-2013 | ₹ 8,000 |
| Petty cash on 1-1-2013 | ₹ 250 |
| Cash sales | ₹ 58,700 |
| <u>Cash sent by H.O. for expenses</u> | |
| Salaries | ₹ 5,600 |
| Rent | ₹ 2,500 |
| Petty cash | ₹ 475 |
| Stock at branch on 31-12-2013 | ₹ 48,000 |
| Petty cash on 31-12-2013 | ₹ 185 |

Prepare Belagavi Branch Account.

6. State the basis of allocation of the following expenses in Departmental Accounting.
- 1) Depreciation on machinery.
 - 2) Commission on sales.
 - 3) Bad debts.
 - 4) Lighting charges.
 - 5) Carriage inwards.
 - 6) Employees insurance premium.

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SECTION - C

Answer any three of the following. Each question carries 14 marks. (3×14=42)

7. On 15 Sept. 2014, the premises of Sundar were destroyed by fire, but records were saved from which the following particulars were ascertained.

| | |
|--|------------|
| Stock at cost 1 April 2013 | ₹ 75,000 |
| Stock at cost 31 March 2014 | ₹ 80,000 |
| Wages for the year 2013-14 | ₹ 9,300 |
| Purchases for the year 2013-14 | ₹ 4,03,000 |
| Purchases returns for 2013-14 | ₹ 4,000 |
| Sales for the year 2013-14 | ₹ 5,04,500 |
| Sales returns for the year 2013-14 | ₹ 4,500 |
| Purchases less returns 1-4-2014 to 15-9-2014 | ₹ 1,62,000 |
| Sales less returns 1-4-2014 to 15-9-2014 | ₹ 2,31,200 |

In valuing stock for balance at 31 March 2014 ₹ 2,300, has been written off certain stock which was poor selling line having cost of ₹ 6,900. A portion of these goods was sold in June 2014 at a loss of ₹ 250 on the original cost of ₹ 3,450. The remainder of this stock was now estimated to be original cost. Subject to the above exception, gross profit had remained at a uniform rate throughout. The stock salvaged was ₹ 5,800.

Show the amount of claim.



8. M/s Sagar and company consigned 1500 tins costing ₹ 600 per tin to their agent Manohar Stores, Kolkata. The tins were invoiced at proforma price of ₹ 800 per tin. The agent sold 900 tins at ₹ 810 per tin for cash, 400 tins at ₹ 850 on credit. The Sagar and Co. paid ₹ 5,000 as freight and ₹ 2,000 as insurance. They drew a bill on Manohar stores at 3 months for ₹ 6,00,000 which was duly accepted by the latter. The expenses incurred by the Manohar stores were carriage ₹ 500, Octroi ₹ 1,500 and storage rent ₹ 1,100 they were entitled to 5% commission and 2% del-credere commission on total sales. They sent their account sales to their principal showing as a deduction there from their commission and the various expenses incurred by them.

Prepare necessary ledger accounts in the books of M/s Sagar and Co.

9. M, N and O enter into a joint-venture and decided to divide profits/losses equally. They bought goods from Suvama and Co. for ₹ 4,00,000 and from 'A' for ₹ 50,000 and spent ₹ 4,500 as carriage. M contributed ₹ 1,10,000, 'N' ₹ 1,50,000 and 'O' ₹ 2,00,000 which were deposited into a joint bank account. They paid ₹ 50,000 to Mr. 'A' and Suvama and Co. received ₹ 3,96,000 for full settlement of their account. They sold for cash ₹ 95,000 and to Z Co. on credit ₹ 4,55,000. The amount due from 'Z' co. received fully. 'M' was allowed 5% commission on sales for effecting the transactions.

Prepare the necessary ledger accounts.

10. From the following particulars relating to Mangalore Branch for the year ending 31 March 2014. Prepare Branch Account and the other necessary accounts in the books of Head Office at Mysore.

| | |
|-----------------------------|---------|
| Stock at Branch on 1-4-2013 | ₹ 8,900 |
| Branch debtors on 1-4-2013 | ₹ 4,700 |

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| | |
|--|----------|
| Petty cash at branch on 1-4-2013 | ₹ 20 |
| Goods sent to branch during the year 2013-14 | ₹ 28,400 |
| Cash sales during the year 2013-14 | ₹ 15,800 |
| Credit sales during the year 2013-14 | ₹ 40,400 |
| Cash received from debtors | ₹ 37,900 |
| Cash sent to branch for expenses | |
| Rent | ₹ 2,000 |
| Salaries | ₹ 6,000 |
| Petty cash | ₹ 1,000 |
| Stock at branch on 31-3-2014 | ₹ 5,400 |
| Petty cash at branch on 31-3-2014 | ₹ 30 |
| Goods returned by the branch | ₹ 800 |

11. From the following balances extracted from the books of Rama Departmental Stores, prepare Departmental Trading and Profit and Loss Account in columnar form for the year ended 31 Dec. 2014.

Trial Balance

| Particulars | Debit | Credit |
|------------------------|----------|--------|
| | ₹ | ₹ |
| Opening stock 1-1-2014 | | |
| Dept. I | 1,20,000 | — |
| Dept. II | 90,000 | — |

| | | |
|------------------------------------|-----------------|-----------------|
| Purchases and sales | | |
| Dept. I | 1,60,000 | 3,00,000 |
| Dept. II | 1,40,000 | 2,80,000 |
| Carriage inwards | | |
| Dept. I | 4,000 | - |
| Dept. II | 2,000 | - |
| Machinery | 36,000 | - |
| Salaries | 60,000 | - |
| Rent | 12,000 | - |
| Repairs to machinery | 30,000 | - |
| Debtors and creditors | 45,000 | 60,000 |
| Capital | - | 1,60,000 |
| Cash in hand | 12,000 | - |
| Bills receivable and Bills payable | 15,000 | 6,000 |
| Drawings | 20,000 | - |
| Buildings | 60,000 | - |
| Total | 8,06,000 | 8,06,000 |

Adjustments:

- Closing stock on 31 Dec. 2014 Dept. I ₹ 1,40,000, Dept. II ₹ 1,20,000.
- Salaries to be allocated in the ratio of 7 : 3.
- The value of machinery in Dept. I is ₹ 20,000 and that of Dept. II ₹ 16,000.
- Depreciate machinery @ 10% P.A. and building by 5% p.a.
- Area of the building is occupied by Dept. I $\frac{3}{5}$ th and Dept. II $\frac{2}{5}$ th.