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**Code No. : 10012 E Sub. Code : JMCO 31/
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B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2021.

Third Semester

Commerce — Main

ADVANCED FINANCIAL ACCOUNTING — I

(For those who joined in July 2016 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answers :

1. The branch account prepared under final account system is the nature of
 - (a) Nominal account (b) Real account
 - (c) Personal account (d) General account

2. In department accounting, advertisement is apportioned on the basis of
- (a) Value of plant (b) Goods manufactured
 - (c) Purchases (d) Sales
3. In contract costing contract account is prepared by the
- (a) Contractor
 - (b) Contractee
 - (c) Both contractor and contractee
 - (d) None of the above
4. Output used by Owner's family should be treated in farm accounts
- (a) as an income (b) as an expenditure
 - (c) as drawings (d) as contribution
5. Under hire purchase system the seller is called _____
- (a) Buyer (b) Hirer
 - (c) Hire vendor (d) Debtor
6. Under hire purchase system, the retail price of the articles is called _____
- (a) MRP (b) Wholesale price
 - (c) Retail price (d) Cash price

7. Royalties are connected with the following type of business
 - (a) IT industry
 - (b) Mining industry
 - (c) Construction industry
 - (d) Manufacturing industry
8. Royalty payable is debited by lessee to
 - (a) Royalty account
 - (b) Landlord account
 - (c) Profit and loss account
 - (d) Short working account
9. List C gives details regarding the
 - (a) Current assets
 - (b) Partly secured creditors
 - (c) Fixed assets
 - (d) Preferential creditors
10. Salaries due to employees
 - (a) Secured creditors
 - (b) Partly secured creditors
 - (c) Fully secured creditors
 - (d) Preferential creditors

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b)

Each answer should not exceed 250 words.

11. (a) From the following particulars prepare Madurai Branch account for the year ended 31.12.2018.

	Rs.
Goods sent to branch	2,15,000
Cash sent to branch for expenses	76,000
Cash received from the branch	3,24,000
Branch stock on 31.12.2018	32,300
Branch petty cash on 31.12.2018	1,040

Or

- (b) A company has two departments A and B. Depart A supplies goods to department B at its usual selling price. From the following figures prepare departmental trading account for the year 2012.

	A Rs.	B Rs.
Opening stock 1.1.2012	30,000	—
Purchases	2,10,000	—
Transfer to B	50,000	50,000
Sales	2,00,000	60,000
Closing stock 31.12.2012	40,000	10,000

12. (a) State the objectives of farm accounting.

Or

- (b) How much profit, if any, you would allow to be considered in the following case.

Rs.

Contract cost 5,60,000

Contract value 1,00,000

Cash received 5,40,000

Uncertified work 60,000

Depreciation made from bills by way of security deposit 10%.

13. (a) Kumaran purchases a bus on hire purchase from Balan for Rs. 20,00,000. He pays Rs. 5,00,000 each at intervals of 2 years. Balan charges interest at 10% p.a. at yearly rests. Calculate the amount of cash price of the bus.

Cash price of the bus 12,70,220.

Or

- (b) PSK transport Ltd. Purchased from Chennai Motors 3 trucks costing Rs. 50,000 each hire purchase system. Payment was to be made Rs. 30,000 down and the remainder three equal annual instalments together with interest at 9%. Calculate interest for each.

14. (a) How the short workings are recouped?

Or

- (b) Bee Ltd. Took a right to publish and sell books from Smith for 5 years. The minimum rent was fixed at Rs. 20,000, Royalty was fixed at Rs. 4 per book. Bee Ltd. Has a right to recoup the short-working in the first 4 years. The sales in the 5 years are given. Calculate the Royalty payable and short-workings.

Year	1	2	3	4	5
Books sold	3,000	4,000	6,000	6,500	8,000

15. (a) On 31.12.2015 A's assets and liabilities were Rs. 60,000 and Rs. 45,000 respectively. He estimated his deficiency to be Rs. 20,000. Later, he found that the following had not been taken into account.
- (i) Interest at 6% on capital of Rs. 30,000 for one year.
- (ii) Bills discounted Rs. 10,000 of which Rs. 3,000 likely to be dishonoured.

(iii) Outstandings :

Salaries – Rs. 1,400

Wages – Rs. 500

Rent for 3 months – Rs. 600

Prepare statement of affairs and
deficiency account.

Or

(b) When a person can be declared insolvent?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)

Each answer should not exceed 600 words.

16. (a) From the following particulars relating to Kankyakumari branch for the year ended 31.12.2018. Prepare branch A/c.

Particulars	Rs.	Rs.
Stock at branch on 1.1.2018		15,000
Debtors at branch on 1.1.2018		30,000
Petty cash at the branch on 1.1.2018	300	
Goods sent to branch on 2018		2,52,000
Cash sales	60,000	
Received from debtors	<u>2,10,000</u>	2,70,000
Cash sales		2,28,000

Particulars	Rs.	Rs.
Cheques sent to branch		
for salaries	9,000	
for rent and rates	1,500	
for petty cash	<u>1,100</u>	11,600
Stock at the branch on 31.12.2018		25,000
Petty cash on 31.12.2018		200
Goods returned by the branch		2,000
Debtors on 31.12.218		48,000

Or

- (b) Vasanth firm wishes to ascertain approximately the net profits of A, B and C departments separately for the quarter year ended 31 March 2001. It is found impracticable actually to take stock on that date but an adequate system of departmental account is in use and the normal rates of gross profit for the departments concerned are 40%, 30% and 20% on sales respectively. Indirect expenses are charged in proportion to departmental sales, particulars are as follows.

Departments

	A Rs.	B Rs.	C Rs.
Stock on 1.1.2011	60,000	70,000	30,000
Purchase March 31,2011	70,000	75,000	47,000
Sales March 31,2011	1,20,000	1,00,000	60,000
Direct expenses	20,200	14,500	7,100

Total indirect expenses for the period (including those relating to other departments) were Rs. 42,000 on total sales of Rs. 8,40,000. Prepare a statement showing gross profit, net profit after making resource for stock at 10% in respect of each department.

17. (a) Prepare a crop account of Ram, a small farmer, for the year ending on 31st March 2018.

	Rice Rs.	Fertilizers Rs.	Seeds Rs.
Opening stock	2,000	3,500	1,000
Closing stock	2,500	3,000	700

	Rs.		Rs.
Purchases during the year :		Sale of Hay	3,000
Fertilisers	2,800	Sale of rice	42,000
Pesticides	600	Rice used for family consumption	8,000
Seeds	1,200	Rice used to pay as wages to workers	3,000
		Depreciation of farming implements	1,200
		Wages paid in cash	12,000

Or

- (b) The Following information are related to a contract of Raj Ltd for the year 2016.

	Rs.		Rs.
Material	4,00,000	Direct expenses	1,50,000
Direct wages	2,75,000	Indirect expenses	75,000

The contract price Rs. 14,00,000. The cash received amounted to Rs. 7,00,000 being 60% of work certified. The work uncertified is Rs. 30,000. Prepare contract account.

18. (a) Differentiate between hire purchase system and installment system.

Or

- (b) Mr. Manivasagam purchased machinery under hire purchase agreement from Nellai Motors.

The cash price of the machinery was Rs. 15,500. The payments for the purchase, are to be made as under.

On signing the agreement Rs.3,000, First year end Rs. 5,000, Second year end Rs. 5,000, Third year end Rs. 5,000. Make necessary ledger accounts in the books of Mr. Manivasagam charging depreciation @ 10% on Diminishing balance method.

19. (a) From the below given information's please open prepare the necessary accounts in the books of M/s black diamond Limited.
- (i) Company leased a colliery on 01.01.2010 at a minimum rent of Rs. 75,000.
 - (ii) Royalty Rate @ Rs. 1/-per ton.
 - (iii) Right of recouping of short workings is restricted to first 3 years.
 - (iv) Output for the first four years of the lease was 40,000, 65,000, 1,05,000, and 90,000 tons respectively.

Or

- (b) How the royalties are classified? Explain each of them.

20. (a) Write a detailed note on law relating to insolvency.

Or

- (b) Mr. B is insolvent. He supplies to you the following information as on March 31, 2018.

	Rs.
Creditors for goods	52,500
Salary due to clerk	700
Taxes due to government	2,100
Bank loan secured by lien on stock of the book value of Rs. 35,000	17,500
Cash in hand	100
Furniture (expected to realize Rs. 3,500)	7,000
Stock (expected to realize 60%)	52,500
Book debts (goods)	7,000
Book debts (doubtful, expected to realize 4%)	17,500
Bills receivable (Rs. 5,250 bad)	8,750
Bills discounted (Rs. 3,500 bad)	10,500
Loan from Mrs. B	17,500

Mr. B commenced business six year ago with a capital of Rs. 43,750. He drew Rs. 8,750 each year for private purposes, but did not maintain proper books of accounts. Mrs. Bad gave up her jewellery valued at Rs. 7,000 to the receiver.

Prepare the statement of Affairs and Deficiency account of Mr. B.