

Prepare statement of affairs and deficiency account from the following information.

Cash Rs. 230, Stock Rs. 1,000, Debtors goods – 7,000, Doubtful Rs. 1,800, Bad debts Rs. 1,500, Furniture Rs. 564, Investment on shares Rs. 500 unsecured creditors Rs. 13,000, Secured Crs. Rs. 2,500, Value of securities held by creditors Rs. 3,500, preferential creditors Rs. 190.

Stock realised Rs. 666, Furniture Rs. 282

Investment realised Book value, Doubtful debts realised Rs. 600.

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SMCO 31

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2019.

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 answer :

1. Under Debtors system branch account is a
(a) real a/c (b) nominal a/c
(c) personal a/c (d) none of these
2. Departments accounts are prepared to know separately of each department
(a) P & L a/c (b) Assets a/c
(c) Sales a/c (d) Liabilities a/c



3. In contract cost account, contract account is prepared by
(a) contractor (b) contractee
(c) both (a) and (b) (d) none of these
4. Losses to natural calamities should be treated in farm account
(a) as normal loss
(b) as trading expenditure
(c) as abnormal loss
(d) none of these
5. Hire purchase price includes
(a) cash price and interest
(b) cash price + down payment
(c) down payment and interest
(d) none of these
6. Hire purchase stock account is
(a) personal a/c (b) real a/c
(c) nominal a/c (d) none of these

7. Unrecouped short workings are transferred to
(a) Trading a/c
(b) P & L a/c
(c) Balance sheet
(d) P & L appropriation a/c
8. Royalty account is in the nature of
(a) real a/c (b) personal a/c
(c) nominal a/c (d) none of these
9. Preferential creditors are shown under
(a) List H (b) List F
(c) List B (d) List D
10. Preferential creditors are to be paid before
(a) fully secured creditors
(b) partly secured creditors
(c) unsecured creditors
(d) none of these



PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Explain various kinds of Branches.

Or

- (b) From the following details prepare departmental trading account.

	Dept. A	Dept. B
Opening stock	9,000	8,400
Purchases	27,000	21,000
Sales	42,000	36,000
Closing stock	10,000	4,000

12. (a) The following particulars are in respect of contract No. 20 which commenced on 1.1.2000.

	Rs.
Material issued	58,000
Direct wages	75,000
Cost of special plant	30,000
Direct expenses	12,000
Establishment charges	8,000

The contract was completed by 31.12.2000. The contract price was Rs. 1,75,000. The value of materials returned to stores was Rs. 5,000. The special plant was returned to stores to depreciation at 20% p.a. contract price was received in full on 31.12.2000. Prepare contract account.

Or

- (b) Discuss the objectives of farm accounting.

13. (a) What are the difference between Hire purchase and Instalment system?

Or

- (b) A machine was purchased for a hire purchase price of Rs. 7,200. Payment was made as follows. Rs. 4,000 at the time agreement Rs. 4,600 at the end of first year, Rs. 4,400 at the end of second year, Rs. 4,200 at the end of third year. Interest was charged at 5%. Calculate the cash price of machine.



14. (a) What is sub lease? Explain.

Or

- (b) Royalties Rs. 5 per ton of coal raised

Minimum Rent Rs. 20,000

Annual outputs:

I Year 3,000 tons

II Year 4,000 tons

III Year 5,000 tons.

Pass necessary Journal entries. Short working is unrecouped.

5. (a) The assets of Ram of Bombay on 30.6.2008 as shown by his books were Rs. 28,000 and his liability Rs. 22,000. He estimated his deficiency Rs. 15,000. He found the following were not taken into account.

- (i) Interest at 6% on his capital from 1.1.2008
- (ii) A contingent liability of Rs. 1,250 on bills discounted by him for Rs. 5,000
- (iii) Amount due on wages Rs. 300, Rent Rs. 100, Taxes Rs. 150. Prepare statement of affairs.

Or

- (b) What is statement of affairs? How does it differ from Balance sheet?

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PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) A Madras Head office has a Branch at Covai to which goods are invoiced at cost plus 20%. From the following particulars, prepare Covai branch account.

	Rs.
Branch stock 1.1.2015	7,680
Branch Debtors on 1.1.2015	24,000
Goods sent to Branch	2,11,000
Total sales	2,06,400
Cash sales	1,10,400
Cash received from Debtors	88,000
Branch stock on 31.12.2015	13,400

Or

- (b) From the following particulars relating to Salem branch for the year ending 31.12.2009. Prepare the Branch a/c in the books of Head office.

	Rs.
Stock 1.1.2009	18,000
Debtors 1.1.2009	7,200
Petty cash 1.1.2009	120

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	Rs.
Goods sent to branch 2009	30,000
Goods returned by branch	360
Cash sales	18,000
Credit sales	25,200
Sales returns to branch	150
Bad debts	60
Discount allowed to customers	180
Expenses of branch met by HO	2,100
Table and chair purchased by the Branch	600
Cash collected from customers	21,000
Stock 31.12.2009	7,500
Debtors 31.12.2009	?
Petty cash 31.12.2009	180

17. (a) The following particulars are in respect of contract No. 20 which commenced on 1.1.2000.

	Rs.
Materials issued	58,000
Direct wages	75,000
Cost of special plant	30,000
Direct expenses	12,000
Establishment charges	8,000

The contract was completed by 31.12.2000. The contract price was Rs. 1,75,000. The value of materials returned to stores was Rs. 5,000. The special plant was returned to stores subject to depreciation at 20% p.a. contract price was received in full on 31.12.2000. Prepare contract a/c and contractee a/c.

Or

- (b) What are the objectives of farm accounting?
18. (a) Sarves purchased a truck for Rs. 42,000 payment is made as Rs. 10,000 down, and four instalments of Rs. 10,000 each at the end of each year.

Interest is charged at 10% p.a. Buyer depreciates the truck at 10% p.a. on W.D.V. method.

Sarves after having paid the down payment and first instalment at the end of the first year, could not pay the second instalment and the Hire vendor took possession of the truck. The Hire vendor after spending Rs. 1,280 on repairs of the truck sold it for Rs. 31,000. Show the ledger in the books of Hire vendor.

Or

- (b) What are the important terms used in H.P. system?



19. (a) Soundar took a mine on lease. To pay a minimum Rent of Rs. 2,000 in the first year, Rs. 4,000 in the second year and thereafter Rs. 6,000 p.a. merging into a Royalty of 0.40 paise per tonne, with power to recoup short workings over the first three years of the lease.

The output,

2000 – 1,000 tonnes,

2002 – 10,000 tonnes

2003 – 18,000 tonnes

2004 – 20,000 tonnes

Prepare Royalty account, short working and Land lord account in the books of Sounder.

Or

- (b) Bengal Ltd leased a colliery, at a minimum Rent of Rs 15,000 merging into a royalty of Rs. 1 per ton with a stipulation to recoup short workings over the first three years of the lease. The output for the first four years of the lease was 8,000, 13,000, 21,000 and 18,000 tons respectively. Draft the necessary journal entries in the books of the company.

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20. (a) The following trial balance, you are required to prepare statement of affairs and deficiency account.

	Rs.		Rs.
Cash	230	Creditors	18,000
Stock in Trade	666	Secured creditors	2,500
Debtors	13,000	Preferential claim	
Furniture	282	Rent and taxes	190
Investment in shares	500	Capital	1,350
Value of securities held by Secured crs.	3500	Profit (2001, 2002)	5,554
Loss (2003)	2500		
Drawings (upto 2003)	6,916		
	<u>27,594</u>		<u>27,594</u>

Or

- (b) On 1st January 2002 Sundar commenced Business with Rs. 6,350. He earned a total profit of Rs. 5,554 during 2002 & 2003. The loss he suffered in 2004 was Rs. 2,500. His total drawings were Rs. 9,000.

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