

**Reg. No. : .....**

**Code No. : 20387 E      Sub. Code : JMCO 31/  
SMCO 31**

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2020.

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. Branch account under debtors system is
  - (a) Real A/c
  - (b) Personal A/c
  - (c) Nominal A/c
  - (d) None

2. Non departmental items of expenses are
  - (a) Charged to Departments on the basis of total sales
  - (b) Charged to the General Profit and Loss account
  - (c) Charged to departments according to the fixed assets employed
  - (d) None
3. Farming may include
  - (a) Agriculture                      (b) Horticulture
  - (c) Nurseries                      (d) All of theses
4. The material for the contract is received from
  - (a) Issue from stores
  - (b) Direct purchases from the market
  - (c) Transfer from other contracts
  - (d) All of these
5. The cost of goods sold on hire purchase is transferred to
  - (a) Sales account
  - (b) Purchase account
  - (c) Hire purchases trading account
  - (d) None

6. In case of hire purchase, asset account is debited with
- (a) Hire purchase price
  - (b) Cash price
  - (c) Cost price
  - (d) None
7. Royalty is a ———— income to the lessor.
- (a) Revenue                      (b) Nominal
  - (c) Royalty received      (d) None
8. ———— is minimum rent payable by the lessees.
- (a) Minimum rent      (b) Dead rent
  - (c) Fixed rent              (d) All of these
9. ———— is one who is not able to pay his debts.
- (a) Insolvency              (b) Insolvent
  - (c) Dead                      (d) Retired
10. All creditors who have no specific asset as security
- (a) Unsecured creditors
  - (b) Secured creditors
  - (c) Preferential creditors
  - (d) None

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) JL Shoe Company opened a branch at Madras on 1.1.2009. From the following particulars the madras branch account for the years 2009 and 2010.

	2009	2010
	Rs.	Rs.
Goods sent to Madras Branch	15,000	45,000
Cash sent to Branch for		
Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the branch	24,000	60,000
Stock on 31 <sup>st</sup> December	2,300	5,800
Petty cash in hand on 31 <sup>st</sup> December	40	30

Or

- (b) Discuss the various advantages of Departmental Accounting.

12. (a) What is cost plus contract? Discuss its advantages and disadvantages.

Or

- (b) Anand company of builders undertook a multi – storeyed structure for Rs. 40,00,000, estimating the cost to be Rs. 36,80,000. At the end of the year the company had received Rs. 14,40,000, being 90% of the work certified. Work done but not certified was Rs. 40,000.

The following expenditure was incurred; Material Rs. 4,00,000; Labour Rs, 10,00,000 and Plant Rs. 80,000.

Material costing Rs. 20,000 was damaged. The plant is considered as having depreciated at 25%. Prepare the contract account and show all the possible figures, that can reasonably be credited to the profit and loss account.

13. (a) Distinguish between Hire purchase and installment system.

Or

- (b) On 1.1.2016 X purchases machinery on hire purchase system. The payment is to be made Rs. 40,000 down (on signing of the contract) and Rs. 4,000 annually for three years. The cash price of the machinery is Rs. 14,900 and the rate of interest is 5%. Calculate the interest in each year's installment.

14. (a) A company leased a colliery on 1.1.2012 at a minimum rent of Rs.20,000 merging into a royalty of Rs. 1.50 per tonne with power to recoup short working over the first four years of the lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000 tonnes and 20,000 tonnes respectively. Give ledger accounts for four years in the books of lessee.

Or

- (b) On 1.1.2012 Rama collieries ltd leased a piece of land agreeing to pay minimum rent of Rs. 2,000 in the first year Rs. 4,000 in the second year and thereafter Rs. 6,000 per annum, merging into a royalty of 40 paise per tonne, with power to recoup short workings over the first three years only.

The figures of annual output for the four years to 31<sup>st</sup> December 2015 were 1,000, 10,000, 18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.

15. (a) Distinguish between balance sheet and statement of affairs.

Or

- (b) Mr. Deepak filed his petition for insolvency on 31<sup>st</sup> December 1994. The details of outstanding expenses are as follows :
- (i) Salaries of 8 clerks @ Rs. 150 per month for each clerk for 3 months
  - (ii) Wages of a labour for the month of August 1994 Rs. 120
  - (iii) Wages for 8 labour for the month of September 1994 @ Rs. 110 per labour
  - (iv) Rent of landlord for the months of November and December 1994 Rs. 800
  - (v) Amount due to the municipality for Rs. 1,000, the income tax department Rs. 2,000 and to the sales tax department Rs. 2,000
  - (vi) Salaries of two clerks for the month of July 1993 Rs. 500 each
- You are required to find out the amount of preferential and non-preferential creditors according to Presidency Towns Insolvency Act.

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 salem to which goods are involved at cost plus 20%. From the following particulars, prepare branch A/c in the head office books.

	Rs.
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash sales	1,10,400
Cash received from branch debtors	88,000
Branch debtors on 1.1.96	24,000
Branch stock on 1.1.96	7,680
Branch stock on 31.12.96	13,440

Or

- (b) The following purchases were made by a business house having three departments :

Dept. A – 1,000 units

Dept. B – 2,000 units      at a total cost of  
Rs. 1,00,000

Dept. C – 2,400 units

Stocks on 1<sup>st</sup> January were

Dept. A – 120 units

Dept. B – 80 units

Dept. C – 152 units

Sales were

Dept. A – 1,020 units at Rs. 20 each

Dept. B – 1,920 units at Rs. 22.50 each

Dept. C – 2,496 units at Rs. 25 each

The rate of gross profit is same in each case.  
Prepare departmental trading account.



17. (a) From the following trial balance of a farmer, prepare trading and profit loss account for the year ended 31<sup>st</sup> December, 1998 and a balance sheet as on that date.

Debit balance	Rs.	Credit balance	Rs.
Opening stock		Sales	
Cattle	30,000	Dairy products	18,000
Paddy	15,000	Paddy	32,500
Cattle feed	2,000	Cattle	7,500
Fertilizers	4,300	Creditors	7,450
Purchases		Loan from	
Cattle	6,000	bank at 8%	12,000
Seeds	650	Capital	95,000
Fertilizers	1,200		
Cattle feed	3,200		
Crop expenses			
Labour	3,900		
Other direct charges	400		
Cattle expenses			
Medicines	900		
Labour	3,000		
Diary expenses	1,100		
General expenses			
Land	70,000		
Tractor	23,000		
Cash	7,000		
	<u>1,72,450</u>		<u>1,72,450</u>

Adjustments :

- |       |  |           |
|-------|--|-----------|
| (i)   | Closing stocks   | Rs.       |
|       | Cattle   | 33,000    |
|       | Paddy  | 2,300     |
|       | Cattle feed  | 800       |
|       | Fertilizers  | 300       |
| (ii)  | The proprietor has consumed the following items out of his farm output |           |
|       | Dairy products   | Rs. 2,000 |
|       | Paddy  | Rs. 1,000 |
| (iii) | Provide 10% depreciation on tractor                                    |           |
| (iv)  | Interest on loan is outstanding.                                       |           |

Or

- (b) M/s promising company undertook a contract for erecting a sewage treatment plant for prosperous municipality for a total value of Rs. 24 lakhs. It was estimated that the job would be completed by Jan. 31, 1998

You are asked to prepare the contract account for the year ending Jan. 31, 1997 from the following particulars

- (i) Materials Rs. 3,00,000
- (ii) Wages Rs. 6,00,000
- (iii) Overhead charges Rs. 1,20,000

- (iv) Special plant Rs. 2,00,000
  - (v) Work certified was for Rs. 16 lakhs and 80% of the same was received in cash.
  - (vi) Materials lying at site on Jan 1, 1997 were Rs. 40,000
  - (vii) Depreciate plant by 10%
  - (viii) 5% of the value of materials issued and 6% of wages may be taken to have incurred for the portion of the work completed, but not yet certified. Overheads are charged as a direct percentage on wages
  - (ix) Ignore depreciation on plant for use on uncertified portion of the work
  - (x) Assertion the amount to be transferred to P and L account on the basis of realized profit.
18. (a) Knight purchased a truck for Rs. 1,60,000 from S. Waugh on 1.1.93 payment to be made Rs. 40,000 down and Rs. 46,000 at the end of the first year. Rs. 44,000 at the end of the second year and Rs. 42,000 at the end of third year. Interest was charged at 5%. Knight depreciates the truck at 10% per annum on written down value method.

Knight after having paid down payment and first installment at the end of the first year, could not pay second installment. The seller took possession of the truck, and after spending Rs. 4,000 on repairs of the asset, sold it away for Rs. 91,500.

Give ledger account in the books of hire vendor.

Or

- (b) On 1.1.2013 a firm purchased a truck on installment system. The cash price of the truck was Rs. 11,175 and payment was to be made as follows.

Rs. 3,000 was to be paid on signing of the agreement and the balance in three installments of Rs. 3,000 each at the end of the each year. Interest at 5% is charged by the vendor. The firm has decided to write off 10% annually on the diminishing balance of the cash price.

Give ledger accounts in the books of the purchaser.

19. (a) Explain the different types of Recoupment.

Or

- (b) Janu took a colliery on lease. The dead rent was Rs. 750 a year, merging into a royalty of 35 paise per tonne of coal raised, with the right to recover short workings out of royalties of two subsequent years from the period in which the short workings arose. The output raised were

I year 1,000 tonnes

II year 1,500 tonnes

III year 2,500 tonnes

IV year 1,500 tonnes

V year 1,000 tonnes

Give necessary ledger accounts for each of the five years in the books of Janu.

20. (a) Explain the different points to be noted on preparation of statement of affairs.

Or

- (b) From the following particulars prepare the statement of affairs and deficiency account of mohan who is in insolvent.

Unsecured creditors Rs. 30,100, creditors partly secured Rs. 38,160 (holding security of the value of Rs. 36,200 which is estimated to realize only Rs. 12,000), preferential creditors Rs. 1,000, Bills receivable discounted Rs. 4,120 (upon which it is

estimated that there will be liability of Rs. 560) stock in trade Rs. 20,020, (it is estimated realize Rs. 16,000) Books debts good Rs. 15,720, doubtful and bad Rs. 1,300 (estimated to realize Rs. 356) land and buildings Rs. 16,000 (estimated to realize Rs. 11,000) cash in hand Rs. 4.

He started business five years ago with a capital of Rs. 50,000. The trading, after charging interest on capital at Rs. 2,000 per year resulted in a profit of Rs. 1,204 for the first year and losses of Rs. 740, Rs. 900, Rs. 1,000, Rs. 1,400 for the subsequent years. His drawings were at the rate of Rs. 1,800 a year and there was a speculation loss of Rs. 3,180 during the whole period of five years.

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