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BCMCMCN 201

**II Semester B.Com. Examination, June/July 2024
(NEP 2020) (2021 – 22 Batch Onwards)
ADVANCED FINANCIAL ACCOUNTING – II (DSCC)**

Time : 2 Hours

Max. Marks : 60

SECTION – A

Answer **any five** of the following.

(5×2=10)

1. Write a note on average clause.
2. What is down payment ?
3. What is an independent branch ?
4. What is single entry system ?
5. What is the meaning of the term re-possession ?
6. What are departmental accounts ?
7. State 2 demerits of single entry system.
8. A trader insured stock costing ₹ 50,000 for ₹ 40,000 and if the actual loss by fire amounts to ₹ 20,000, what is the amount of insurance claim ?



SECTION – B

Answer **any four** of the following.

(4×5=20)

9. Distinguish between hire purchase system and installment purchase system.
10. From the following particulars find out credit purchases by preparing total creditors account.

Opening creditors ₹ 18,970

Cash paid to creditors ₹ 39,780

P.T.O.



Discount received from them ₹ 300
Return to suppliers ₹ 820
Cheque paid to creditors ₹ 5,000
Closing creditors ₹ 19,450.

11. What basis would you consider best to allocate the following expenses in the departmental accounts?

- Freight
- Workmen's compensation
- Lighting and heating
- Discount allowed
- Insurance on buildings.



12. A fire occurred on 31st July 2023 in the warehouse of Mr. Ashmith. From the following particulars ascertain the loss suffered by the trader.

Stock as on 1st April 2023 ₹ 20,000

Purchases from 1st April 2023 to the date of fire ₹ 2,00,000

Wages and other manufacturing expenses ₹ 23,500

Sales from 1st April 2023 to the date of fire ₹ 2,70,000

The rate of Gross profit is 20% on sales. The stock salvages was ₹ 7,500.

13. Nishanth purchased a machine from Agro Machinery Limited on hire purchase system on 1-1-2020. Payable ₹ 10,000 down and the balance as under.

₹ 13,000 at the end of the first year

₹ 12,000 at the end of the second year

₹ 11,000 at the end of the third year.

Interest charged at 10% p.a. is included in these installments. Find out cash price of the machine.



14. From the following information prepare Branch Account in the books of Head Office when goods are supplied at cost price.

Stock on 1-1-2023	₹ 1,20,000
Stock on 31-12-2023	₹ 1,40,000
Petty cash as on 1-1-2023	₹ 4,000
Petty cash as on 31-12-2023	₹ 5,000
Furniture on 1-1-2023	₹ 60,000
Goods sent to Branch	₹ 3,20,000
Goods returned by Branch	₹ 12,000
Cash sent to Branch	₹ 42,000
Cash remitted by Branch to Head Office	₹ 3,40,000

Charge depreciation on Branch furniture at 10% per annum.

SECTION – C



(2×15=30)

Answer **any two** of the following.

15. A fire occurred in the premises of DE Limited on 30th Nov. 2023. All the stock with exception of ₹ 15,000 were destroyed by fire. From the following figures ascertain the loss suffered by the company.

Stock on 1-1-2022	₹ 40,000
Stock on 31-12-2022	₹ 70,000
Purchases during 2023	₹ 5,00,000
Sales during 2023	₹ 6,20,000



Sales from 1st Jan. 2023 to the date of fire ₹ 3,20,000.

Purchases from 1st Jan. 2023 to the date of fire ₹ 2,50,000.

There was a practice in the firm to value stock at cost less 10%. But all of a sudden they changed this practice and valued stock on 31st December 2022 at cost plus 10%. The amount of the policy was ₹ 50,000 and the claim was subject to an average clause. Prepare statement of fire insurance claim.

16. AB Limited purchased a motor car from XY Limited on Hire purchase basis on 1-4-2020. The cash price of the car was ₹ 5,90,000. The terms of purchase were payment of ₹ 2,00,000 on signing the contract and the balance in three annual installments of ₹ 2,00,000 each payable on 31st March every year. Interest was charged at 25% per annum. Depreciation was written off at 20% under diminishing balance method.

Prepare the following accounts in the books of AB Limited.

- Motor car account
- XY Limited account
- Interest account
- Depreciation account.



17. The following Trial Balances has been extracted from the books of M/s Ashwath Traders Mangaluru. You are required to prepare departmental trading and profit and loss account and Balance Sheet for the year ended 31-3-2023.

Trial Balance as on 31-3-2023

	Dr. (₹)	Cr. (₹)
Stock on 1-4-2022		
A Department	11,400	—
B Department	9,800	—



Purchases

A Department	39,600	-
B Department	37,400	-

Sales

A Department	-	74,000
B Department	-	66,300

Inter Departmental Transfers

A Department	-	2,500
B Department	2,500	-

Return Inwards

A Department	3,500	-
B Department	2,800	-

Rent and rates

Sundry expenses 18,300 -

Wages and salaries 7,400 -

Advertising and catalogue 16,500 -

Dividend on shares in B Ltd. 8,700 -

Shares in B Ltd. - 1,050

Carriage inward 23,000 -

Furniture 2,400 -

Provision for bad debts 15,000 -





Debtors	49,200	—
Creditors	—	29,740
Capital	—	1,00,000
Drawings	20,000	—
Cash at Bank	6,840	—
	2,74,340	2,74,340



Additional Information :

- Write off bad debts ₹ 1,200 and increase the provision for bad debts to 5% on debtors.
- Sundry expenses outstanding ₹ 400.
- The catalogue in hand were valued at ₹ 600.
- Inter departmental transfers were made at cost price.
- Depreciation at 10% per annum on furniture.
- The stock on 31-03-2023, Department A – ₹ 29,600, Department B – ₹ 17,000.

The items to be allocated as follows. Department A – $\frac{2}{3}$, Department B – $\frac{1}{3}$.

18. Mr. Sheshagiri kept his books of accounts under single entry system. An analysis of his rough cash book for the year 2023 shows the following particulars.

Receipts	₹	Payment	₹
Receipts from debtors	80,000	Bank overdraft on 1-1-2023	5,000
Further capital introduced	10,000	Paid to creditors	42,000
		Business expenses	12,000
		Wages	17,500



Proprietor's drawings	5,000
Balance at Bank on 31-12-2023	6,500
Balance of cash in hand on 31-12-2023	2,000
90,000	90,000

The following particulars are also available.

	31-12-2022 (₹)	31-12-2023 (₹)
Sundry debtors	60,000	90,000
Sundry creditors	20,000	22,500
Stock in trade	16,000	18,000
Plant and Machinery	30,000	30,000
Furniture	2,000	2,000

All his sales and purchases were on credit. From the above particulars prepare trading and profit and loss account and Balance Sheet after providing depreciation on machinery at 10% and on furniture at 5%.

