



**Avinashilingam Institute for Home Science and Higher Education for Women**

Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956 (Now MoE)  
Re-accredited with 'A++' Grade by NAAC. CGPA 3.65/4, Category I by UGC  
Coimbatore - 641 043, Tamil Nadu, India

**Continuous Internal Assessment Test II - April 2025**

IV-Semester

Class : II UG

Major : B.Com PA/B.Com CA/B. Com

Time: 2 Hours

Maximum Marks: 60

**DISCIPLINE SPECIFIC ELECTIVE COURSE**

**23BCPDE2B/23BCCDE2H/23BCODE2H -- ADVANCED FINANCIAL ACCOUNTING**

**Course Outcomes:**

At the end of the course, students will:

- 1: Able to understand the accounting for Hire Purchase system and Installment system;
- 2: Ability to compute Royalty accounts and prepare consignment accounts.
- 3: Capable of accounting for Partnership Firms and Limited Liability Partnership.
- 4: Familiarize with the accounting treatment for Insurance Claims and Departmental accounts
- 5: Gain knowledge on principles to Governmental accounting.

**Part - A**

**Choose the correct answer**

**6 x 1 = 6**

1. How many designated partners are required in LLP CO3 K1
  - a) At least two designated partners
  - b) Seven designated partners
  - c) Two designated partners
  - d) At least seven designated partners
2. An LLP is a hybrid structure combining features of CO3 K2
  - a) Sole proprietorship and Partnership
  - b) Company and Partnership
  - c) Hindu Undivided Family (HUF) and Company
  - d) Trust and Partnership
3. Salvage stock means CO4 K1
  - a) Stock saved from fire
  - b) Insurance Claim
  - c) Stock destroyed
  - d) Total Stock
4. In departmental accounting, Advertisement is apportioned on basis of the CO4 K2
  - a) sales
  - b) Goods manufactured
  - c) purchases
  - d) Equally
5. Who is responsible for auditing of government accounts? CO5 K1
  - a) CAG of India
  - b) Finance Minister
  - c) ICAI
  - d) NITI Aayog
6. Expenditures like pensions, salaries of government employees, and defense services are drawn from: CO5 K2
  - a) Public Account
  - b) Contingency Fund
  - c) Consolidated Fund
  - d) both (b) & (c)

**Part - B**

**Answer all the questions**

**3 x 6 = 18**

**Answer should not exceed 400 words or two pages**

7. a. Following were the Balance Sheets as at 31<sup>st</sup> March, 2021 of two firms M/s A & B and M/s C & D.

Liabilities	A & B	C & D	Assets	A & B	C & D
Capitals			Debtors	30,000	45,000
A	50,000		Stock	50,000	75,000
B	50,000		Premises	20,000	-
C		52,500	Plant & Machinery	5,000	20,000
D		52,500	Bank	1,500	-
Creditors	3,000	25,000	Furniture	500	300
Bills Payable	6,000	-	Defence Bonds	2,000	-
Bank Overdraft	-	10,300			
	<b>1,09,000</b>	<b>1,40,300</b>		<b>1,09,000</b>	<b>1,40,300</b>

The two firms decided to amalgamate their businesses as from 1<sup>st</sup> April, 2021. For this purpose, it was agreed that the Premises and Plant and Machinery belonging to A and B should be taken over by the new firm M/s ABC & D at ₹ 35,000 and ₹ 20,000 respectively. C & D were to be credited with ₹ 10,000 for the value of certain patent rights they possessed, which became the property of the partnership and which were not included in their balance Sheet. Prepare Revaluation A/C. CO3 K2

(or)

7. b A fire occurred on the premises of a merchant on 18<sup>th</sup> September, 2015 and a considerable part of the stock was destroyed. The value of the stock saved was ₹ 8,200.

The books disclosed that on 1<sup>st</sup> April, 2015 the stock was valued at ₹ 66,850, the purchases to the date of fire amounted to ₹ 1,85,000 and the sales to ₹ 2,82,500. Goods costing ₹ 500 were taken for personal use and the goods sold for ₹ 2,500 were returned to the merchant. On investigation it is found that during the past five years the average gross profit on the cost was 25%. You are required to prepare statement showing the amount the merchant should claim from the insurance company in respect of stock destroyed by fire. CO4 K3

8.a. On 10<sup>th</sup> January, 2015, a fire occurred in the godown of Bright Electricals. All the stock was burnt. Each year, Bright Electricals values the stock at cost less 10%. From the following additional information, ascertain the value of stock on the date of fire. CO4 K4

	□
Stock on 1 <sup>st</sup> April, 2013	7,20,000
Purchases during the year ended 31 <sup>st</sup> March, 2014	28,00,000
Sales during the year ended 31 <sup>st</sup> March, 2014	40,00,000
Stock on 31 <sup>st</sup> March, 2014	4,50,000
Purchases from 1 <sup>st</sup> April, 2014 to date of fire	29,20,000
Sales from 1 <sup>st</sup> April, 2014 to date of fire	32,00,000

(or)

8.b. What are Departmental accounts and list out the objectives of preparing Departmental accounts? CO4 K3

9.a. Differentiate between Government accounting and Commercial accounting. CO5 K3

(or)

9.b. Explain the objectives of Government accounting. CO5 K2

### Part - C

Answer all the questions

3 x 12 = 36

Answer should not exceed 400 words or two pages

10.a) A and B are partners sharing profits and losses equally in a business similar to that carried on by C. In order to avoid competition they decided to amalgamate the two businesses by taking over the assets and liabilities of C and admitting him into partnership with them as from 1<sup>st</sup> April, 2021. Their balance sheets as on 31<sup>st</sup> March, 2021 were as follows: CO3 K4

Liabilities	A&B (□)	C (□)	Assets	A&B(□)	C (□)
Sundry Creditors	15,000	37,500	Cash	300	700
Bank Overdraft	5,000	32,000	Debtors 35,000		
Bills Payable	-	3,000	Less: Provision		
Loan	-	10,500	For Bad debts 1,500	33,500	25,000
Capital A/Cs:			Stock	21,200	26,300
A 20,000			Investment	-	27,000
B 15,000	35,000	-	C's Capital	-	4,000
			Overdrawn		
	<b>55,000</b>	<b>83,000</b>		<b>55,000</b>	<b>83,000</b>

The new partnership is to be carried on as A, B and C and it was agreed among all the partners that the Book Debts of both the businesses should be provided with Bad Debts provisions at 10% and the stock to be reduced by 5% for the purpose of amalgamation and that the investments of C should be valued at □35,000 and that C was to be credited with a sum of □5,100 for Goodwill. It was further agreed that in order to raise the total capital of the firm to □60,000 each partner shall introduce such sum as would make his capital in the new business equal to one third of the capital.

Goodwill is not to be shown in the books of the new firm.

Give Journal entries in the books of new firm and show amalgamated Balance Sheet as at 1<sup>st</sup> April, 2021

(Or)

10.b) A, B and C are equal partners of M/s ABC & Co. Balance sheet of the firm as on 31<sup>st</sup> December, 2020 was as follows: CO3 K5

Liabilities	□	Assets	□
Sundry Creditors	10,00,000	Land	5,00,000
Loans from Banks	50,00,000	Plant and Machinery	20,00,000
A's Account	5,00,000	Buildings	7,00,000
B's Account	10,00,000	Stocks	30,00,000
		Debtors	10,00,000
		C's Account	3,00,000
	<b>75,00,000</b>		<b>75,00,000</b>

On that data, it is decided to convert the partnership into a limited company on the following terms:

- Land to be valued at □15,00,000.
- Plant and Machinery to be valued at □25,00,000.
- Depreciation amounting to □2,00,000 to be written off buildings.
- A provision of 10% of book value to be made for obsolete stocks.
- A provision for doubtful debts to be made at 10% of the debtors.
- A discount of 6% would be earned on creditors when paid out.

- g) The new company will issue 12,000 equity shares of ₹100 each credited as fully paid up, such share capital being valued at ₹15,00,000 and the balance payable is to be discharged by issue of 8% debenture certificates of ₹1,000 each.

Show the necessary ledger accounts to close the books of ABC & Co. and show the opening balance sheet of the new company. You may assume that (i) all partners are solvent and have sufficient cash resources as may be necessary for the purposes of settling accounts, and (ii) shares and cash are divided equally among the partners.

- 11.a) From the following figures, calculate the amount of claim to be lodged with the insurance company for loss of stock. CO4 K5

	₹		₹
Stock at cost on 1 <sup>st</sup> January, 2019	90,000	Sales during 2019	6,00,000
Stock at cost on 1 <sup>st</sup> January, 2020	70,000	Sales from 1 <sup>st</sup> January, 2020 to 30 <sup>th</sup> September, 2020	8,80,000
Purchases during 2019	4,00,000		
Purchases from 1 <sup>st</sup> January, 2020 to 30 <sup>th</sup> September, 2020	6,00,000		

You are informed that:

- In 2020 the cost of purchases have risen by 20% above the level pertaining in 2019.
- In 2020 the selling prices have gone up by 10% over the levels prevailing in 2019.
- Salvage value is ₹.5000.

(Or)

- 11.b) Deepa Ltd. Had 3 departments D1, D2 and D3. Information relating to the departments are as follows:

	Departments		
	D1 (₹)	D2 (₹)	D3 (₹)
Opening Stock	30,000	40,000	60,000
Direct Materials Consumed	80,000	1,20,000	-
Wages	50,000	1,00,000	-
Closing Stock	40,000	1,40,000	80,000
Sales	-	-	3,40,000

Stocks of each departments are valued at cost of the department concerned. Stocks of D1 are transferred to D2 at a margin of 50% above departmental cost. Stocks of D2 are transferred to D3 department at a margin of 10% above departmental cost. CO4 K5

Other relevant expenses were:

Salaries ₹20,000; Printing and Stationery ₹10,000; Rent ₹60,000; Interest Paid ₹40,000; and Depreciation ₹30,000.

Allocate expenses in the ratio of departmental gross profits. Opening figures of reserves for unrealized profits on departmental stocks were:

D2 - ₹10,000 and D3 - ₹20,000.

Prepare Departmental Trading and Profit & Loss Account.

- 12.a) Explain the functions, powers and duties of the Comptroller and Auditor General. CO5 K4

(Or)

- 12.b) Describe the unique features of Government accounting which make it desirable to treat it as a separate branch of accounting. CO5 K4