

**Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore-641 043**

**Bachelor's Degree Examination – November 2017
III Semester**

**Class : II UG
Major : B.Com PA**

**Time :3 hours
Max. Marks: 100**

**15BCPC08 Advanced Accounting
Part-A**

10 x 1=10

Choose the correct answer

1. Assets which are required for own use and not for resale are known as ;
a. Fixed Assets b. Wasting Assets c. Current Assets d. Fictitious Assets
2. Inventories should be valued at
a. Cost b. Net Realisable Value
c. Cost or not realizable value which is lower d. None of the above
3. All branch expenses such as rent, salary, are paid by the head office in case of
a. Independent branch b. Local branch
c. Branch creditors account d. Branch cash account
4. Under stock and debtors system the head office opens
a. Branch adjustment account b. Branch debtors account
c. Branch creditors account d. Branch cash account
5. Expenses which can be directly identified with or incurred for particular department are called
a. Direct expenses b. Indirect expenses
c. Monthly expenses d. Weekly expenses
6. When goods are transferred from one department to other, the department transferring the goods should be credited and department receiving the goods should be
a. debited b. credited c. added d. subtracted
7. Realization account is a
a. Personal a/c b. Real a/c c. Nominal a/c d. None of the above
8. The shares received from purchasing company should be shared by partners in their
a. Profit/Loss ratio b. Capital ratio c. Both d. None of these
9. Back log depreciation is debited to;
a. Current Cost Reserve a/c b. HC P&L a/c c. CC P&L a/c d. Asset a/c
10. When the purchase price excludes interest, it is called as
a. Cum-Interest b. Ex-Interest c. Out-Interest d. None of the above

Part B**5 X 6=30**

Answer the following
Answer should not exceed 400 words or two pages

11.a. Bring out the importance of accounting standards.
 (or)

11.b. Write a note on Accounting Standard [AS]-3.

12.a. Mr.C of Chennai has a branch at Mumbai. Goods are supplied to the branch at cost. The expenses of the branch are paid from Chennai and the branch keeps a Sales journal and debtors journal only. From the following information supplied by the branch. Prepare Branch Account in the books of head office.

	Rs.
Opening stock (1-4-2015)	24,000
Closing stock (31-3-2016)	18,000
Credit sales	41,000
Cash sales	17,500
Receipts from debtors	37,900
Sundry debtors on 31-3.2016	9,160
Goods received from Head office	30,000
Goods received at H.O. on 31.3.2016	3,600
Expenses paid by H.O. for the branch	10,400

(or)

12.b. M.Ltd., of Calcutta has a branch at Patna. Goods are invoiced to the Patna branch, the selling price being cost plus 25%. The Patna branch keeps its own sales ledger and transmits all cash received to Calcutta. All expenses are paid from Calcutta. From the following details prepare the Patna branch a/c for the year 2015.

	Rs.
Stock (1-1-2015) (invoice price)	1,250
Stock (31-12-2015) (invoice price)	1,500
Debtors (1-1-2015)	700
Debtors (31-12-2015)	900
Cash sales for the year	5,400
Credit sales for the year	3,500
Goods invoiced from Calcutta	9,100
Rent	400
Wages	340
Sundry expenses	80

13.a. You are given the following particulars of a business having three departments:

	Purchases	Opening Stock	Closing Stock
Dep. A:	1500 units	200 units	100 units
Dep B :	1000 units	300 units	160 units
Dep C :	2000 units	150 units	200 units

Additional information:

- a) Purchases were made at a total cost of Rs. 92,000
- b) The percentage of gross profit on turnover is the same in each case.
- c) Purchase and also sale prices are constant for the last 2 years
- d) Selling price per unit:

Dept. A : = Rs.20

Dept. B: = Rs.25

Dept. C: = Rs.30

You are required to prepare Departmental Trading Account.

(or)

13.b. The following information is given by Balan, a merchant, for the year ended 31-03-2016

	Rs.		Rs.
Sales: Dept. I	70,000	Purchases: Dep. I	43,000
Dept. II	30,000	Dep. II	25,000
Stock 1-4-2015)		Salary	5,400
Dept. I	3,400		
Dept. II	1,100	Commission	2,200
Debtors	23,000	Advisement	5,800
Office furniture	1,080	Bank Charges	120
Rent	1,800	Stationery	2,700
Insurance	2,400	Wages	10,000

Provide depreciation at 10% on furniture. Bad debts Rs.300. Create 10% provision for discount on debtors. Stock position on 31-03-2016: Dept. I Rs. 4,000 and Dept. II Rs. 1,680.

From the above information, prepare the departmental trading and profit & loss account. Expenses are allocated on the basis of sales.

14.a. Prakash Prasanna and Prathap were partners sharing profits and losses in the ratio of 6:3:1: on 31.12.2012 their balance sheet stood as follows:

Liabilities	Rs.	Assets	Rs.
Prakash's Capital	8,000	Plant and Machinery	7,500
Prasann's Capital	3,000	Stock	2,500
Bank overdraft	3,500	Debtors	6,000
Prakash's loan	500	Cash in hand	500
Creditors	2,500	Prathap's Capital	1,000
	17,500		17,500

The Partners decide on dissolution of the firm and the assets realized as under:

Plant and Machinery 20 % less, Stock 25% Less, Debtors 30 % less. Expenses of dissolution amounted to Rs. 250. You are requires to close the books of the firm.

(or)

b. The Balance sheet of a firm stood as follows on 31.12.2001.

Liabilities	Amount	Assets	Amount
Creditors	17,000	Cash At bank	6,200
Bills payable	1,200	Debtors	20,000
Capital A/c		(-) Provision	1,000
			19,000
Amir	20,000	Stock	22,000
Balu	20,000	Plant and Machinery	15,000
Cherian	10,000	Fixtures	1,500
	50,000	Goodwill	4,500
	68,200		68,200

It was decided to sell the business to Andawar Ltd which agreed to allot 6,000 fully paid shares of Rs. 10 each in full satisfaction of the purchase consideration. The company assumed liabilities except bills payable and took over all the assets excepting the bank balance. The partners, Amir, Balu and Cherian shared profits and losses in proportions of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively.

Prepare necessary ledger accounts showing the final, settlements as regards partners, assuming that the shares were duly allotted.

15.a. Mr.X bought 3,000 10% Government bonds of Rs. 1,000 each at Rs.960 on 1.5.2016. Interest is payable on 30th June and 31st December each year. Give journal entries to record the purchase in the books of Mr. X

- (i) If the purchase price is Ex-Interest
(ii) If the purchase price is Cum-Interest
(or)

b. State the advantages of accounting for price level changes.

Part C

5 x 12=60

Answer the following

Answer should not exceed 800 words or four pages

16.a. Explain about any four Indian Accounting Standards.

(or)

b. Briefly explain the procedure and formulation of Accounting Standards.

17.a. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

	Rs.		Rs.
Stock on 1.1.09 (invoice price)	27,900	Goods returned by debtors	3,600
		Goods returned	
Debtors on 1.1.09	20,400	to H.O. by branch	
Goods invoiced to the branch	1,53,000	Shortage of stock	1,350
(invoice price)		Discount allowed	600
Cash Sales	75,000	Expenses at the branch	16,200
Stock on 1.1.09 (invoice price)	27,900	Goods returned by debtors	3,600
Credit Sales	93,000	Bad Debts	600
Cash collected from debtors	91,200		
	(or)		

b. Jothimani of Chennai has a branch at Trichy. Goods are invoiced to branch at cost plus 50%. Branch sends remittance daily. At the expenses of branch are met by head office. Head office will reimburse the petty expenses of the branch. Prepare Branch Account in Head office book.

	Rs.
Stock with branch on 1-1-15 (at invoice price)	60,000
Branch Debtors on 1-1-2015	12,000
Petty cash balance on 1-1-2015	100
Goods received from Head Office (at invoice price)	1,86,000
Goods returned to Head Office	3,000
Credit sales less returns	84,000
Cash received from debtors	90,000
Discount allowed to debtors	2,400
Expenses (cash paid by Head Office)	27,400
Cash Sales	27,400
Stock with branch 31-12-2015 (at invoice price)	54,000
Petty cash balance on 31-12-2015	100

18.a. Mr. Ram purchased goods for his three departments as follows:

Dept A - 200 units
Dept B - 1400 units Total Cost Rs.5,100
Dept C - 400 units

Sales of three departments were:

Dept A-180 units' @Rs.15 per unit
Dept B-1500 units' @ Rs.18 per unit
Dept C-450 units' @Rs.6 per unit

Opening stock was:

Dept A-100 units
Dept B-400 units
Dept C-60 Units

You are required to paper trading account for the three departments. Ram informed that he as gross profit is same to all department.

(or)

b. A firm had two departments, cloth and readymade garments. The garments were made by the firm itself out cloth supplied by the cloth department at its usual selling price. From the following figures prepare departmental trading and profit and loss account for the year ended 31.3.2016.

	Cloth dept. Rs.	Readymade.dept. Rs.
Opening Stock on 1.4.2015	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade garments dept.	3,00,000	-
Expenses:		
Manufacturing	-	60,000
Selling	20,000	6,000

The stock in the readymade garments department may be considered as consisting of 75% cloth and 25% other expenses. The cloth department earned gross profit @ 15% in 2015-16. General expenses of the business as a whole came to Rs.1,10,000.

19.a. Mani, Ramu and Sethu are partners sharing Profit & losses in the ratio of 3:4:5. They decided to dissolve the firm on 1.7.89. They decided that assets are to be gradually realized. They also decided that repayment must be made as and when the assets are realized.

Liabilities	Rs.	Assets	Rs.
Creditors	10,000	Sundry Assets	36,000
Mani's Capital	12,000		
Ramu's Capital	8,000		
Sethu's Capital	4,000		
Ramu's Loan a/c	2,000		
	<u>36,000</u>		<u>36,000</u>

The cash received by selling the assets gradually was as follows:

(or)

b. X,Y and Z sharing profits in the proportion of 3:2:1 decided to dissolve partnership on 31.12.2000. Their Balance Sheet on that date was as under:

Liabilities	Amount	Assets	Amount
Capital		Leasehold	
Accounts		Premises	12,500
X	30,000	Goodwill	20,000
Y	10,000	Machinery	30,520
Z	10,000	Stock	7,550
Bank loan	11,500	Investments	6,330
Life Policy		Joint Life Policy	12,000
Fund	12,000	Sundry	
Sundry		Debtors	5,800
Creditors	16,200	(-) Reserve	500
			<u>5,300</u>
Leasehold redemption fund	6,000	Cash at bank	1,500
	<u>95,700</u>		<u>95,700</u>

The joint life policy is surrendered for Rs. 10,000. The Investments are taken over by Y for Rs. 8,000. Z agreed to Discharge the bank loan. The remaining assets are sold for Rs. 86,700. The expenses of realization amount to Rs. 850. Show the necessary ledger accounts.

