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**II Semester B.Com. Examination, May/June 2014**  
**(2012-13 and Onwards) (Fresh + Repeaters)**  
**COMMERCE**  
**Paper – 2.3 : Advanced Financial Accounting**

Time : 3 Hours

Max. Marks : 100

**Instruction :** Answers should be written **completely** either in **English** or in **Kannada**.

**SECTION – A**

Answer **any ten** sub-questions. **Each** sub-question carries **two** marks. (10×2=20)

1. a) State any two reasons why Accounting Standards are needed.  
b) State any two objectives of Accounting Standards Board.  
c) What is over insurance ?  
d) Why is memorandum trading account prepared ?  
e) Who is consignor ?  
f) Give the meaning of account sales.  
g) What is over-riding commission ?  
h) State any two differences between joint venture and consignment.  
i) State the methods of accounting for Joint ventures.  
j) What are independent branches ?  
k) What is invoice price method ?  
l) What is meant by inland branches ?



**SECTION – B**

Answer **any four** questions. **Each** question carries **eight** marks. (4×8=32)

2. Briefly explain the significance of accounting standards.
3. On June 10, 2013 a fire occurred in the premises of Mr. Amar and a considerable amount of stock was destroyed. The accounting records that were saved from fire disclosed the following particulars.

Particulars	Rs.
Stock on 1/1/2012	1,50,000
Stock on 31/12/2012	1,80,000
Purchases for the year 2012	8,00,000
Sales for the year 2012	11,00,000
Purchases from 1/1/2013 to 10/6/2013	3,50,000
Sales from 1/1/2013 to 10/6/2013	4,80,000
Stock salvaged	14,000
Policy amount	2,50,000

Find out the amount of claim to be made.



4. Bhaskar consigns 1,200 units of a product costing Rs. 300 each to Chandan. He incurs Rs. 6,000 for carriage expenses. 60 units of the product are stolen in transit. Chandan receives the remaining goods, and sells 1,020 units at Rs. 460 per unit. Expenses incurred by him amounted to Rs. 4,260, the entire amount being non-recurring. He reports a normal loss of 24 units. Find the value of abnormal loss and closing stock.
5. Deepa and Eswari entered into a joint venture to purchase stationeries and supply them to colleges. They agreed to share profits in the ratio of 5 : 3 and to maintain books of accounts for the joint venture under Memorandum Joint Venture Method.  
Deepa and Eswari purchased stationeries for Rs. 6,00,000 and Rs. 4,50,000 respectively and sold them for Rs. 7,50,000 and Rs. 5,25,000 respectively. Selling expenses incurred by them are Rs. 35,000 and Rs. 25,000 respectively. No goods remained unsold and the final amount is settled by cheque. Prepare necessary accounts in the books of Deepa.
6. Fortune Ltd., has its head office at Bengaluru and a branch at Hassan. It closes the books of accounts on 31<sup>st</sup> March every year. Pass adjustment entries in the books of head office for the following :
  - a) Goods worth Rs. 3,00,000 sent by head office on 25<sup>th</sup> March, 2014 were received by the branch on 5<sup>th</sup> April, 2014.
  - b) Depreciation at 15% p.a. is to be provided on Furniture costing Rs. 3,50,000 installed on 1<sup>st</sup> August, 2013 at Hassan. The furniture A/c is maintained at head office.
  - c) Hassan branch collected Rs. 18,500 from a local customer and Rs. 12,500 interest on investments on behalf of the head office.
  - d) A clerk of the branch rendered services in the head office for a period of 3 months and his salary per month is Rs. 12,000.

#### SECTION – C

Answer **any three** questions. **Each** question carries **sixteen** marks. **(3×16=48)**

7. Fire occurred in the premises of George on 1<sup>st</sup> August, 2013. A considerable part of the stock was destroyed and the stock salvaged was Rs. 94,800. From the following particulars find out the amount of claim.  
Value of insurance policy Rs. 2,40,000  
Stock on 1<sup>st</sup> April 2013 Rs. 2,92,800  
Purchases from 1<sup>st</sup> April 2013 to the date of fire Rs. 8,76,000  
Sales from 1<sup>st</sup> April 2013 to the date of fire Rs. 11,64,000  
Purchases during 2012-13 Rs. 18,42,000  
Sales during 2012-13 Rs. 23,58,000  
Stock on 1<sup>st</sup> April 2012 Rs. 2,22,000.





Stock on 1<sup>st</sup> April 2012 included a special item valued at Rs. 67,200 which was sold at a profit of 25% on cost. A part of this item was sold during 2012-13 while the balance was sold on 20<sup>th</sup> May 2013 for Rs. 30,000. Except for this item, the rate of gross profit on all other items was uniform throughout the period.

8. Hamsa sends 70,000 units of a product at Rs. 40 each to Indira on consignment basis and incurs Rs. 16,000 on freight and Rs. 14,500 on agents commission. On receipt of goods Indira accepts a bill drawn by Hamsa for Rs. 6,00,000 for 3 months and at the end of the accounting year, she sends account sales showing the following details :

Sales – 60,000 units at an average price of Rs. 58 each.

Normal loss – 2% of the goods consigned.

Expenses incurred – Unloading charges Rs. 14,000; Carriage inwards Rs. 15,000; Carriage outwards 12,500 and Godown Rent Rs. 13,500.

Indira is entitled for a commission of 5% on total sales. The final balance due to Hamsa is settled by Bank Draft.

Pass journal entries and prepare necessary ledger accounts in the books of Hamsa.

9. Jayanth, Kumar and Lakshman entered into Joint Venture and agreed to share profits and losses in the ratio of their capital contributions. They contributed Rs. 2,50,000, Rs. 1,50,000 and Rs. 1,00,000 respectively into the Joint Bank Account.

The purchases and sales were as follows :

Credit purchases from A Ltd., Rs. 5,00,000

Credit purchases from B Ltd., Rs. 3,00,000

Cash purchases from C Ltd., Rs. 4,00,000

Cash sales Rs. 9,00,000

Credit sales to C Ltd., Rs. 6,50,000.

Office expenses Rs. 30,000. The unsold goods were taken over by Kumar at an agreed value of Rs. 20,000. Lakshman is entitled to a special commission of 5% on gross sales. All balances were settled through Joint Bank Account at the end.

**Prepare :**

- a) Joint Venture A/c
- b) Joint Bank A/c
- c) A Ltd., A/c
- d) B Ltd., A/c
- e) C Ltd., A/c and
- f) Co-ventures' A/c.



10. Nischal Traders has a branch at Mysore. Goods are sent from the head office at cost plus 25%. The branch also purchases goods independently from local parties for which payment is made by the branch itself out of its collections. The branch is advised to deposit cash periodically into head office bank account. From the following particulars prepare Mysore Branch A/c in the books of head office for the period ending 31<sup>st</sup> March, 2014.

Particulars	Rs.	Particulars	Rs.
<u>Balances as at 1<sup>st</sup> April 2013</u>		Discount allowed by branch	
Branch petty cash	20,000	to debtors	20,000
Branch debtors	2,50,000	Cash received by branch	
Branch furniture	4,00,000	from debtors	12,50,000
Branch stock		Branch salary and rent paid	
– Goods sent by head office	2,40,000	by head office	30,000
– Direct purchases	1,60,000	Petty expenses paid by	
Cash sales	4,50,000	branch manager	35,000
Credit sales	13,00,000	<u>Balances as at 31<sup>st</sup> March 2014</u>	
Direct purchases	4,50,000	Branch petty cash	?
Returns from customers to branch	30,000	Branch debtors	?
Goods sent to branch at invoice		Branch furniture	?
price	6,00,000	Branch stock –	
Cash sent to branch for petty		– Goods sent by head office	1,80,000
expenses	25,000	– Direct purchases	1,20,000
Bad debts at the branch	10,000		
Provide depreciation on branch furniture at 10% per annum.			