



15
II Semester B.Com. Examination, May 2016
(2012-13 and Onwards) (Repeaters)
COMMERCE
Paper – 2.3 : Advanced Financial Accounting

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

1. Answer **any ten** sub-questions. **Each** sub-question carries **2** marks. **(10×2=20)**
- a) What are accounting standards ?
 - b) What is meant by fire insurance claims ?
 - c) Who is consignee ?
 - d) What is meant by joint venture ?
 - e) Mention any two objectives of branch accounts.
 - f) Expand IASB.
 - g) Calculate the amount of claim by applying average clause.

Loss of stock by fire	₹ 4,00,000
Amount of policy	₹ 3,42,000
Total value of stock destroyed by fire	₹ 4,56,000
 - h) What do you mean by invoice price ?
 - i) What do you mean by inter-branch transactions ?
 - j) State any two difference between consignment and joint venture.
 - k) The Bangalore head office send goods to its Mandya branch at a profit of 20% on cost. If Bangalore head office send it for ₹ 1,20,000 goods. Calculate cost price.
 - l) What is non-recurring expenses ?

P.T.O.



SECTION – B

Answer **any four** questions. **Each** question carries **eight** marks.

(4×8=32)

2. What are the objectives and functions of Accounting Standard Board ?
3. Fire occurred in the premises of Ragu on October 31st, 2014. All stock were destroyed except to the extent of ₹ 2,800, from the following details ascertain the claim to be lodged by Ragu.
 Final account of Ragu were prepared on 31-12-2013
 Sundry creditors on 31-12-2013 were ₹ 25,000
 Sundry creditors on 31-10-2014 were ₹ 20,000
 Stock on 31-12-2013 was ₹ 15,000
 Sales from 1-1-2014 to 20-10-2014 amount ₹ 1,34,000
 Payments to creditors ₹ 1,30,000
 Normal rate of gross profit on sale was 20%.
4. From the following information calculate the value of closing stock and normal loss.
 Goods consigned 500 KG. @ ₹ 20 per KG.
 Carriage paid by the consignor ₹ 4,000. Consignee sold 300 KG @ ₹ 35 per KG and incurred ₹ 1,000 as unloading expenses, ₹ 2,000 as godown rent and ₹ 1,000 as selling expenses. Normal loss due to leakage is 50 KG.
5. Narendra and Surendra entered a joint venture sharing profit and loss in the ratio of 3 : 2. Narendra contributed ₹ 60,000 and Surendra ₹ 80,000. The amounts contributed by them were deposited into a joint bank account. They bought goods for cash ₹ 1,00,000 and from Narendra for ₹ 40,000. They paid for carriage ₹ 7,000, rent ₹ 2,000, Insurance ₹ 3,000 and other expenses ₹ 4,000. All the goods were sold for ₹ 1,80,000.
 Pass necessary journal entries.
6. Journalise the following transactions in book of Head office.
 - a) Remittance of ₹ 4,500 made by Lucknow branch to its head office on 30th December 2014, received by head office on 5th January 2015 (next year).
 - b) Goods valuing ₹ 2,200 despatched by Bangalore branch on 27th December 2014, under instructions from head office and received by the Lucknow branch on 30th December 2014.
 - c) Depreciation amounting to ₹ 1,100 on Lucknow branch fixed assets when accounts of such assets are maintained at the head office.
 - d) Goods worth ₹ 9,000 despatched by head office to Bangalore branch on 30th December 2014, received by that branch on 7th January 2015 (next year).
 - e) Bangalore branch paid ₹ 400 dividend to a local share holders on behalf of the head office.



- f) A sum of ₹ 600 being arrears of call money was received by the Bangalore branch from a share holder in November but was not communicated to the head office till 4th January (next year).
- g) Lucknow branch draws a bill receivable for ₹ 5,000 on Bangalore branch which sends its acceptance.

QUESTION - C

Answer **any three** questions. **Each** question carries **16** marks.

(3×16=48)

7. Fire had broken out in the premises of Rao Ltd. Co. 15th July 2015. The following figures were obtained from the records.

Particulars	₹
Stock on 1 st January 2014	1,12,500
Stock on 31 st December 2014	2,40,000
Purchase during the year 2014	12,75,000
Sales during the year 2014	15,00,000
Purchase upto the date of fire	6,80,000
Sales upto the date of fire	9,00,000

The stock salvaged was ₹ 60,000. There was a practice in the concern to value the stock at cost less 10%. But all of a sudden they changed the practice and valued the stock on 31st December 2014 at cost plus 20%. The amount of the policy was ₹ 1,20,000.

Calculate the value of stock destroyed by fire and amount of actual claim.

8. Bangalore head office of a company invoice goods to its Mandya branch at 20% profit on sales price. The branch sends cash daily to the head office, all expenses are paid by the head office, except for petty expenses, which met by the branch manager. From the following particulars, prepare the branch account in the books of Bangalore head office.

	₹
Stock on 1-1-2014 (Invoice price)	15,000
Debtors on 1-1-2014	9,000
Cash on 1-1-2014	400
Furniture on 1-1-2014	1,200
Goods received from head office (Invoice price)	80,000
Goods return to head office	1,000
Goods returned by debtors	480
Cash received from debtors	30,000
Cash sales	50,000



Total sales	80,000
Discount allowed to debtors	300
Expenses paid by head office :	
Rent	1,200
Salary	2,400
Stationery	300
Petty expenses paid by branch	280
Stock on 31-12-2014	14,000
Depreciation on furniture at 10% p.a.	

9. Rally Cycle Company Ltd. Bangalore consigned 750 cycles costing ₹ 4,000 each to Rama distributors of Mandya. The consignor paid ₹ 37,500 towards freight and insurance ₹ 15,000. During transit it was found that 5 cycles were damaged and insurance company settled the claim for ₹ 22,500 Rama distributors received the remaining consigned goods and paid unloading charges ₹ 7,450. They accepted a bill drawn for ₹ 10,00,000 as advance. Rama distributors sold 400 cycles for cash at ₹ 4,000 each and 225 cycles on credit at ₹ 5,000 each. They spent ₹ 21,000 for godown rent, ₹ 3,300 for advertisement and ₹ 15,000 as salesman salary. The consignee entitled to get an ordinary commission at 5% on sales and del-credere commission at 2% on credit sales. Rama distributors remit the balance due to consignor by bank draft.
- Prepare in the books of consignor
- Consignment account
 - Consignee's account
 - Abnormal loss account.
10. Madhu and Sunil entered into a joint venture to construct a building for a company. The construct price was ₹ 12,50,000 payable in cash. They opened a joint bank account where in Madhu deposited ₹ 3,00,000 and Sunil paid ₹ 1,50,000. They agreed to share profits and losses in the ratio of 2 : 1.
- They purchased materials for ₹ 1,50,000 for cash and ₹ 5,00,000 worth on credit from Amar. They paid ₹ 2,25,000 for wages and ₹ 35,000 for other expenses. Madhu and Sunil supplied materials worth ₹ 1,00,000 and ₹ 40,000 respectively. Architect's fee for ₹ 5,000 was paid by Madhu. The contract was duly completed and the price received as stipulated. Amar was paid ₹ 4,90,000 in full settlement. Sunil took over the remaining material for ₹ 35,000. Prepare
- Joint venture account
 - Joint bank account
 - Ventures capital account.