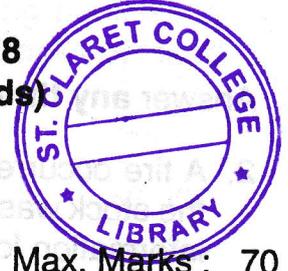


II Semester B.Com. Examination, May/June 2018
(CBCS) (Fresh + Repeaters) (2014-15 and Onwards)
COMMERCE

Paper - 2.3 : Advanced Financial Accounting



Time : 3 Hours

Max. Marks : 70

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

SECTION - A

Answer **any five** sub-questions. **Each** sub-question carries **two** marks. (5×2=10)

1. a) What is Average Clause ? Why is it included in fire claims ?
- b) What is Account Sales ?
- c) Mention any two differences between a joint venture and a partnership.
- d) Mention any four features of dependent branch.
- e) How do you allocate the following expenses in Departmental Accounting ?
 - i) Insurance premium on stocks
 - ii) Labour welfare expenses
 - iii) Carriage in-wards
 - iv) Canteen expenses.
- f) Calculate the actual amount of claim from the following details :

Stock on the date of fire accident	-	₹ 85,000
Value of goods salvaged	-	₹ 7,500
Expenses incurred for extinguishing fire	-	₹ 3,000
- g) Goods are invoiced at a profit of 20% on sales. The cost price of goods sent is ₹ 1,48,800. Calculate the load included in cost price of goods sent.



SECTION – B

Answer any three questions. Each question carries six marks.

(3×6=18)

2. A fire occurred in the premises of Aditya on 25-8-2017, when a large part of the stock was destroyed. Salvage was ₹ 15,000. Aditya gives you the following information for the period from 1-1-2017 to 25-8-2017 :

Purchases ₹ 85,000; Sales ₹ 90,000; Goods costing ₹ 5,000 were taken by Aditya for personal use and cost price of stock on 1-1-2017 was ₹ 40,000.

Over the past few years, Aditya has been selling goods at a consistent gross profit rate of $33\frac{1}{3}\%$ on sales.

The insurance policy was for ₹ 50,000. It included average clause. Aditya asks you to ascertain amount of loss and claim to be made on the insurance company.

3. Calculate the value of abnormal loss and value of closing stock from the following information :

- Goods sent on consignment – 400 units of glassware at ₹ 100/unit.
- Expenses incurred by the consignor – ₹ 2,000.
- Goods lost in transit – 20 units.
- Expenses incurred by the consignee – taxes ₹ 1,420 and selling expenses ₹ 1,000.
- Goods sold by the consignee – 340 units.
- Goods damaged at Consignee's place – 2% of the total goods consigned (which is permissible).

4. Naveen and Praveen entered into a joint venture to construct a building for ₹ 7,50,000. Naveen and Praveen contributed ₹ 3,75,000 and ₹ 2,85,000 respectively. They agreed to share profits and losses in the ratio of 3 : 2. It was decided that the work would be looked after by Naveen, who would be paid 10% commission on contract price in addition to his share of profits. Naveen bought the necessary materials for ₹ 6,00,000 and paid ₹ 18,000 for expenses. He also contributed building materials from his own stock worth ₹ 37,500. There was an outstanding wages of ₹ 9,000.

The building was completed and the contract money was duly received. Praveen took over the stock of materials at an agreed value of ₹ 30,000 and outstanding wages were paid by Naveen.

Prepare Joint Venture A/c and Praveen's A/c in the books of Naveen.



5. X Ltd., invoices goods to its branch at cost. From the following particulars, prepare Branch Account for the year ended 31-3-2017 in the books of Head Office.

	₹
Branch stock on 1-4-2016	66,000
Branch stock on 31-3-2017	78,000
Branch debtors on 1-4-2016	42,000
Branch debtors on 31-3-2017	59,600
Cost of goods sent to branch during the year	3,60,000
Sales at branch :	
Cash	1,80,000
Credit	2,93,600
Cash received from branch debtors during the year	2,76,000
Branch expenses paid by H.O.	20,420

6. A firm has two departments X and Y. The following information related to the trading period ending 31-3-2017 :

	X	Y	Total Amount
	₹	₹	₹
Opening stock	5,000	7,000	12,000
Purchases	42,000	52,000	94,000
Sales	80,000	93,000	1,73,000
Purchase returns	2,000	2,000	4,000
Sales returns	2,000	2,000	4,000
Carriage inwards	-	-	4,500
Power	-	-	6,000
Wages	-	-	11,000
Closing stock	4,000	12,000	16,000

Wages are to be allocated in the ratio 5 : 6 and the power in the ratio 1 : 2 to the Department X and Y respectively.

Prepare Departmental Trading Account in the Columnar Form.



SECTION - C

Answer **any three** questions. **Each** question carries **fourteen** marks. (3×14=42)

7. Determine the amount of claim to be lodged by M/s Tridev Company to Insurance Company from the following details :

The company had taken a fire insurance policy for ₹ 1,20,000, covering its stock and the policy was subjected to average clause.

	1-10-2016 to 30-9-2017 (₹)	1-10-2017 to 15-3-2018 (₹)
Sales	11,43,000	6,90,500
Purchases	7,89,500	3,94,000
Wages and salaries	1,37,400	68,900
Sales returns	54,500	15,800
Purchase returns	27,400	9,600
Carriage inwards	27,400	9,600

Date of fire 15-3-2018 :

Stock on 1-10-2016 ₹ 1,28,700

Stock on 30-9-2017 ₹ 1,89,000

Stock salvaged ₹ 19,310

Stocks have been valued at 10% less than cost.

8. On 1-1-2017 Chetan of Chennai dispatched to Raghu of Mysore, 500 chairs at an invoice price of ₹ 300 each, which was 25% above the cost price. He paid ₹ 200 for packing and ₹ 300 for carriage and insurance. Chetan draws three months bill for ₹ 50,000 which was accepted by Raghu and Chetan discounted the same for ₹ 49,800.

Raghu received the consignment on 15-1-2017 and incurred ₹ 100 for unloading and carriage, ₹ 500 for selling expenses and ₹ 1,000 for salesman



salary. Raghu returned 50 chairs and sold 200 chairs at ₹ 330 each and 200 chairs at ₹ 350 each on credit. Raghu sent a bank draft for the amount due after deducting expenses and commission at 10% on sales and del-credere commission 3% on credit sales. On 30-3-2017 market value of chair was ₹ 250 each (closing stock).

All the money due was collected from debtors except ₹ 2,000 from Mr. Kumar, a debtor.

Prepare necessary Ledger Accounts in the books of Chetan.

9. Charith and Chinmay entered into a joint venture and agreed to share profits and losses in the ratio of 3 : 2 after providing for interest on capital at 10% p.a.

A joint bank account was opened in which Charith deposited ₹ 4,00,000 and Chinmay deposited ₹ 2,00,000 on 1-4-2017. Goods purchased for ₹ 3,75,000 in cash and was sent to Bengaluru agent for sale.

Freight and insurance amounted to ₹ 7,500 was paid. All the goods were sold by the agent for ₹ 7,00,000. The agent remitted the balance amount after deducting his commission at 3% and expenses of ₹ 4,000.

Prepare :

- a) Joint venture A/c
- b) Co-venturer's A/c
- c) Joint Bank A/c and
- d) Agent's A/c in the books of joint venture.

10. Belagavi H.O. of a company invoices goods to its Hubli branch at cost plus 20%. The branch also purchases independently from local traders for which payments are made by H.O. All cash collections of the day is to be remitted to H.O. through a bank account and all expenses of the branch are directly paid by H.O. From the following, show the Hubli Branch Account in the books of H.O.

	₹
Imprest cash on :	
1-1-2017	60,000
31-12-2017	55,500
Debtors on 1-1-2017	7,50,000



Stock on 1-1-2017 :

Transferred from H.O. at invoice price	7,20,000
Direct purchases by branch	4,80,000
Total sales	52,50,000
Cash sales	13,50,000
Returns from customers	90,000
Direct purchase	13,50,000
Goods sent to branch from H.O. at invoice price	18,00,000
Transfer from H.O. for Petty Cash expenses	75,000
Bad debts	30,000
Discount to customers	60,000
Cash received from customers	37,50,000
Branch expenses	9,00,000

Stock on 31-12-2017 :

Direct purchase by branch	3,60,000
Transferred from H.O. at invoice price	5,40,000

11. From the following Trial Balance, prepare Departmental Trading and Profit and Loss Account for the year ended 31-12-2017 and a Balance Sheet as on that date in the books of VM Ltd.

		Dr. (₹)	Cr. (₹)
Stock on 1-1-2017 :	Dept. A	5,400	—
	Dept. B	4,900	—
Purchases :	Dept. A	9,800	—
	Dept. B	7,350	—
Sales :	Dept. A	—	16,900
	Dept. B	—	13,520
Wages :	Dept. A	1,340	—
	Dept. B	240	—



Discount received	–	133
Capital	–	9,530
Sundry creditors	–	3,737
Rent	1,870	–
Salaries	1,320	–
Lighting and heating	420	–
Discount allowed	441	–
Advertising	738	–
Carriage inwards	469	–
Furniture and fittings	600	–
Plant and Machinery	4,200	–
Sundry debtors	1,820	–
Personal drawings	900	–
Cash in hand	32	–
Cash at bank	1,980	–
Total	43,820	43,820

The following information is also provided :

- a) Rent, lighting and heating, salaries and depreciation are to be apportioned to Departments A and B in the ratio 2 : 1.
- b) Other expenses and incomes are to be apportioned to Departments A and B on suitable basis.
- c) The following adjustments are to be made :
Rent prepaid ₹ 370; Lighting and Heating outstanding ₹ 180; Depreciation on furniture and fittings and plant and machinery @ 10% p.a.
- d) The stock at 31-12-2017 :
Department A – ₹ 2,748
Department B – ₹ 2,401.