II Semester B.Com. Examination, April/May 2015
(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 is dependent branch ?

b) What do you mean by Cash-in-Transit ?

c) State any 2 objectives of Accounting Standards.

d) What is over insurance ?

e) Who is consignee ?

f) State any two differences between consignment and joint venture.

g) Give the meaning of account sales.

h) Find out fire claim by applying average clause

Total value of stock	Rs. 25,000
Loss of stock by fire	Rs. 20,000
Amount of policy	Rs. 20,000

i) Define accounting standards.

j) What is ordinary commission ?

k) State two methods of accounting for joint venture.

l) What is Non-Recurring expenses ?

SECTION – B

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

2. Calculate Gross Profit and its percentage from the following information.

Particulars	**Rs.**
Opening stock of goods	40,000
Purchase of goods	2,80,000
Wages paid	50,000
Direct expenses	20,000
Sales	4,50,000
Closing stock	30,000

3. Pass journal entries in the books of head office.
   a) Goods supplied to Tumkur branch on 28-12-2013 worth Rs. 50,000 were received by the branch on 05-01-2014.
   b) Goods amounting Rs. 2,00,000 transferred from Hubli branch to Gadag branch under head office instruction.
   c) Anekal branch collected Rs. 30,000 from a customer of head office.
   d) Expenses paid Rs. 5,000 to be charged to Mysore branch for work done on its behalf by head office.
   e) Depreciation of Tumkur branch fixed assets of Rs. 50,000 (rate of depreciation is 10%) when such accounts are maintained in the head office books.

4. Deepa and Roopa 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 Roopa 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.

5. From the following information calculate the value of closing stock and abnormal loss.
   Goods sent on consignment 1000 Kg @ Rs. 10 per Kg. Expenses paid by consigner : freight Rs. 500 and insurance Rs. 300. In transit 200 Kgs were destroyed due to an accident. The consignee sold 700 Kgs. @ Rs. 200 per Kg and incurred the following expenses. Unloading Rs. 200 Godown rent Rs. 500 and selling expenses Rs. 300.

6. Briefly explain any eight accounting standards.

SECTION – C

Answer **any three** of the following. **Each** question carries **16** marks. **(3×16=48)**

7. Atlas Cycle Company Ltd. Bangalore consigned 1500 cycles costing Rs. 5,000 each to Manju Distributors of Tumkur. The consignor paid Rs. 75,000 towards freight and insurance Rs. 30,000. During transit it was found that 10 cycles were damaged and insurance company settled the claim for Rs. 45,000. Manju Distributors received the remaining consigned goods and paid unloading charges Rs. 14,900. They accepted a bill drawn for Rs. 20,00,000 as advance. Manju Distributors sold 800 cycles for cash at Rs. 6,500 each and 450 cycles on credit at Rs. 7,000 each. They spent Rs. 42,000 for Godown rent, Rs. 6,500 for advertisement and Rs. 30,000 as salesman salary. The consignee entitled to get an ordinary commission at 5% on sales and del-credere commission at 2% on credit sales. Manju Distributors remit the balance due to consignor by bank draft. Prepare in the books of consignor.
   a) Consignment account
   b) Consignee's account
   c) Abnormal loss account.

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

Particulars	**Rs.**
Stock on 01-01-2012 (at invoice price)	30,000
Debtors on 01-01-2012	18,000
Cash on 01-01-2012	800
Furniture on 01-01-2012	2,400
Goods sent to branch (at invoice price)	1,60,000
Goods returned from branch	2,000
Goods returned by debtors	960
Cash received from debtors	60,000
Cash sales	1,00,000
Total sales	1,60,000
Discount allowed to debtors	600

Expenses paid by head office

Rent	2,400
Salary	4,800
Stationery	600
Petty expenses paid by branch	560
Stock on 31-12-2012	28,000

Depreciation on furniture at 10% per annum.

9. Venkat and Sunil entered into a joint venture to construct a building for a company. The contract price was Rs. 25,00,000 payable in cash. They opened a joint bank account where in Venkat deposited Rs. 6 lakhs and Sunil paid Rs. 3 lakhs. They agreed to share profits and losses in the ratio of 2 : 1.

   They purchased materials for Rs. 3 lakhs for cash and Rs. 10 lakhs worth on credit from Amar. They paid Rs. 4,50,000 for wages and Rs. 70,000 for other expenses. Venkat and Sunil supplied materials worth Rs. 2,00,000 and Rs. 80,000 respectively. Architect's fee of Rs. 10,000 was paid by Venkat. The contract was duly completed and the price received as stipulated. Amar was paid Rs. 9,80,000 in full settlement. Sunil took over the remaining material for Rs. 70,000.

   Separate books are maintained for joint venture business. Prepare
   a) Joint Venture Account
   b) Joint Bank Account
   c) Venkat's Account
   d) Sunil's Account.

10. Fire had broken out in the premises of Bad Luck Co. Ltd. On 15th July 2013. The following figures were obtained from the records.

Particulars	**Rs.**
Stock on 1st January 2012	56,250
Stock on 31st December 2012	1,20,000
Purchase during the year 2012	6,37,500
Sales during the year 2012	7,50,000
Purchases upto the date of fire	3,40,000
Sales upto the date of fire	4,50,000

The stock salvaged was Rs. 30,000. 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 2012 at cost plus 20%. The amount of the policy was Rs. 60,000. Calculate the value of stock destroyed by fire and amount of actual claim.