



US – 459

II Semester B.Com. Examination, May 2017
(CBCS) (Fresh+Repeaters) (2014-15 and Onwards)
COMMERCE
Paper – 2.3 : Advanced Financial Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer **any five** questions, **each** correct answer carries **two** marks : (5×2=10)

1. a) How do you treat salvaged goods in fire insurance claims ?
- b) Give the meaning and example for non-recurring expenses in consignment accounts.
- c) What is joint venture ?
- d) State any four features of debtor system of accounting.
- e) How do you treat inter-departmental transfers ?
- f) What is cost plus pricing ?
- g) Who is consignee and consignor ?

SECTION – B

Answer **any three** questions, **each** correct answer carries **six** marks : (3×6=18)

2. Fire occurred in the premises of an enterprise on 30-9-2016. Stock of the value of ₹ 50,000 was salvaged and the books of accounts were saved.

The following information is given :

| | ₹ |
|---|----------|
| Stock as on 31-3-2015 | 1,30,000 |
| Purchases during the year ended 31-3-2015 | 3,50,000 |

P.T.O.



| | |
|---------------------------------------|----------|
| Sales during the year ended 31-3-2015 | 5,00,000 |
| Purchases from 1-4-2016 to 30-9-2016 | 1,20,000 |
| Sales from 1-4-2016 to 30-9-2016 | 1,80,000 |
| Stock as on 31-3-2016 | 1,70,000 |

Stock as on 31-3-2015 was undervalued by ₹ 20,000 where as it was overvalued by ₹ 10,000 on 31-3-2016.

Calculate the amount of insurance claim based on the rate of gross profit on sales.

3. Krishna Murthy of Bengaluru sent a consignment of 2,000 articles to his agent Sri Raghavan of Tumkur at an invoice price of ₹ 20 per article. Railway charges, cartage and insurance amounted to 10% of the total invoice price.

Raghavan sold 1,500 articles at ₹ 30 each and sent an account sales enclosing a bank draft for the balance after deducting i) his advance of ₹ 5,000, ii) his expenses ₹ 500 and iii) his commission at 10% on gross sales. 100 articles were lost in transit and the insurance company admitted the claim for ₹ 1,100.

Show the Consignment Account and Consignee's Account in the books of the Consignor.

4. Praveen and Karthik were partners in a joint venture sharing profits and losses equally. Praveen supplied goods to the value of ₹ 20,000 and incurred expenses amounted to ₹ 1,600. Karthik supplied goods to the value of ₹ 16,000 and his expenses amounted to ₹ 1,600. Karthik sold the entire goods on behalf of the joint venture and realized ₹ 48,000. Karthik was entitled to a commission of 5% on sales. Praveen settled his account by bank draft.

Show the Ledger Accounts in the books of Praveen and Karthik under Memorandum Joint Venture method.



5. The following particulars are relating to Bengaluru branch for the year ended 31-12-2016. Prepare Branch Account in the books of Head Office.

| | ₹ |
|--------------------------------------|--------------|
| Stock at the branch on 1-1-2016 | 30,000 |
| Debtors at the branch on 1-1-2016 | 60,000 |
| Petty cash at the branch on 1-1-2016 | 600 |
| Goods sent to branch during 2016 | 5,04,000 |
| Cash sales 2016 | 1,20,000 |
| Received from debtors 2016 | 4,20,000 |
| Credit sales during 2016 | 4,56,000 |
| Cheques sent to branch during 2016 : | |
| For salaries | 18,000 |
| For rent and rates | 3,000 |
| For petty cash | <u>2,200</u> |
| | 23,200 |
| Stock at the branch on 31-12-2016 | 50,000 |
| Petty cash 31-12-2016 | 400 |
| Goods returned by the branch | 4,000 |
| Debtors on 31-12-2016 | 96,000 |

6. With the help of information given below, ascertain the purchases of each department

| Dept. | No. of units purchased | |
|-------|------------------------|-------------------------------|
| A | 1,000 units | at a total cost of ₹ 1,00,000 |
| B | 2,000 units | |
| C | 2,400 units | |



Unit selling price was :

A Dept. of ₹ 20.00

B Dept. of ₹ 22.50

C Dept. of ₹ 25.00

The rate of GP is same in each case.

SECTION - C

Answer any three questions, each correct answer carries fourteen marks : (3×14=42)

7. The premises and stock of NO LUCK stores were totally destroyed by fire on 30th Jan. 2016. From the account books and other records that were saved, the following information is available. The stock on hand is always being valued at 10% less than cost.

| | 2013 | 2014 | 2015 | 2016 |
|-------------------------|----------|----------|----------|--------|
| Opening stock as valued | 54,180 | 64,800 | 72,000 | 73,800 |
| Purchases less returns | 1,49,800 | 1,60,000 | 1,62,000 | 12,000 |
| Sales less returns | 2,40,000 | 2,64,000 | 2,80,000 | 24,000 |
| Wages | 34,800 | 32,800 | 47,200 | 4,000 |
| Closing stock as valued | 64,800 | 2,000 | 73,800 | - |

Prepare a statement for submission to the insurance company in support of a claim.

8. Madan of Bengaluru consigns goods to Swamy of Davangere to be sold at or above invoice price. Swamy is to get 10% commission on sales at invoice price plus 20% of any surplus price realized. Madan draws on Swamy at 60 days bill for 80% of the invoice price the balance of the proceeds being remitted by the bank draft by Swamy after deduction of his commission immediately upon sale. On 1st Jan. 2016 Madan consigned to Swamy goods whose total cost including



freight was ₹ 1,50,000 the invoice price of which was ₹ 2,25,000. Sales by Swamy by 30th June 2016 amounted to ₹ 2,05,000. Goods unsold on 30th June 2016 with Swamy were of invoice price ₹ 67,500 (Cost including freight ₹ 45,000). On 30th June 2016 Madan had received from Swamy by the bank draft ₹ 49,750, certain remittances being in transit on 30th June 2016.

Show the Ledger A/c's in the books of Madan recording the above transactions.

9. Das and Boss entered into a joint venture sharing profits and losses as 3:2. They opened a bank a/c by depositing ₹ 40,000 each. Das purchased 800 kg. of an item @ 60 per kg. and his expenses were ₹ 13,000. Boss purchased a second item of 10,000 kg. @ 2.10 per kg. and his expenses were ₹ 11,000. Expenses were met from private sources and purchases were paid from bank account. Boss sold 600 kg. of the first item @ 100 per kg. and his selling expenses were ₹ 5,500. Das sold ₹ 8,000 kg. of second item at ₹ 5 per kg and his selling expenses were ₹ 6,000. All the sale proceeds were deposited in bank account and expenses were met from private sources.

Write up necessary accounts in the books of the joint venture.

10. From the following particulars, prepare Branch Account in the books of H.O.

| | ₹ |
|----------------------------------|--------|
| Stock on hand at Branch 1-4-2016 | 10,000 |
| Debtors at Branch 1-4-2016 | 4,000 |
| Petty cash at Branch 1-4-2016 | 500 |
| Furniture at Branch 1-4-2016 | 2,000 |
| Prepaid Insurance 1-4-2016 | 150 |
| Outstanding salary 1-4-2016 | 100 |
| Goods sent to branch | 80,000 |



| | | |
|--|------------|----------|
| Cash sales by branch | | 1,30,000 |
| Credit sales by the branch | | 40,000 |
| Amount collected by branch | | 35,000 |
| Amount received by the H.O. directly from the branch debtors | | 2,000 |
| Discount allowed to branch debtors | | 100 |
| Cash sent to branch for expenses : | | |
| Rent | 2,000 | |
| Salaries | 2,400 | |
| Petty cash | 1,000 | |
| Insurance premium | <u>600</u> | 6,000 |
| (Paid up to 30 th June, 2017 at the rate of 600 p.a.) | | |
| Goods returned to H.O. from branch | | 1,000 |
| Goods returned to branch by debtors | | 2,000 |
| Stock on hand at branch 31-3-2017 | | 5,000 |
| Petty expenses at branch | | 850 |
| Depreciation on branch furniture is 10% p.a. | | |

11. From the following particulars prepare Trading and Profit and Loss Account in the books a trader and also prepare Balance Sheet.

| Particulars | Dept. A | Dept. B | Total |
|---------------------------|---------|---------|-------|
| Stock on 1-4-2016 | 17,400 | 14,700 | |
| Purchases | 35,000 | 30,000 | |
| Sales | 60,000 | 40,000 | |
| Wages | 8,200 | 2,700 | |
| Rent, Taxes and Insurance | | | 9,390 |
| Sundry expenses | | | 3,600 |
| Salaries | | | 3,000 |



| | |
|----------------------|--------|
| Lighting and heating | 2,100 |
| Discount allowed | 2,220 |
| Discount received | 650 |
| Advertisement | 3,680 |
| Carriage inwards | 2,340 |
| Furniture | 3,000 |
| Plant and machinery | 21,000 |
| Sundry debtors | 6,060 |
| Sundry creditors | 30,650 |
| Capital | 47,660 |
| Drawings | 4,500 |
| Cash | 10,070 |

Additional information :

- a) Internal transfer of goods from Department A to Department B at a cost price of ₹ 420.
- b) Rent, taxes and insurance, sundry expenses, Lighting and heating, Salaries and carriage inwards to be distributed in the ratio of 2/3 & 1/3 in A and B.
- c) Advertising to be apportioned equally.
- d) Discount allowed and received to be apportioned as per sales and purchases ignoring transfers.
- e) Depreciation @ 10% p.a. on Furniture and Plant and Machinery to be charged : to A department and to B department in the ratio of 3 : 1.
- f) Services rendered by B Department to A Department included in the wages of B department ₹ 500.
- g) Stock on 31-3-2017 were department A ₹ 16,740, department B ₹ 12,050.