

Exam. Code : 108502

Subject Code : 2558

B.Com. Semester—II

BCG-203 : ADVANCED FINANCIAL ACCOUNTING

Time Allowed—3 Hours] [Maximum Marks—50

SECTION—A

Note :—Attempt any **TEN** parts of question No. 1. Each part should not exceed 5 lines. Each question carries 1 mark.

1. Explain any **TEN** parts of the following :

- (a) Distinguish between Revenue Reserve and Capital Reserve.
- (b) Objects of charging depreciation.
- (c) Nature of Income and Expenditure Account.
- (d) Garner versus Murrary Rule.
- (e) Distinguish between Hire-purchase and Installment System.
- (f) Distinction between Balance Sheet and Statement of Affairs.

- (g) Contents of Partnership Deed.
- (h) Fund Based Accounting.
- (i) Piecemeal distribution.
- (j) Differentiate between Revaluation Account and Memorandum Revaluation Account.
- (k) Methods of calculating profit under Single Entry System.
- (l) General and Specific Donation.

SECTION—B

Note :— Attempt any **TWO** questions from this Section.
Answer to each question should not exceed **5** pages.
Each question carries **10** marks.

- 2. Distinguish between Reserve and Provision. Discuss the major types of Reserves and Provisions giving examples.
- 3. Distinguish between Single Entry System and Double Entry System. What are the advantages and disadvantages of Single Entry System ?

4. On 1st January, 2011, Jaipur Golden Transport Company purchased a truck for Rs. 8,00,000. On 1st July, 2012 this truck was involved in an accident and was completely destroyed and Rs. 6,00,000 were received by a cheque from the Insurance Company in full settlement on 1st October, 2012. On the same date (i.e., 1st July, 2012) another truck was purchased by the company for Rs. 10,00,000.

The company writes off 20% Depreciation per annum under the Written Down Value Method. Prepare the Truck Account and Depreciation Account for 2011 and 2013 when books are closed on 31st March every year.

5. Bombay Roadway Ltd. purchased three trucks costing Rs. 1,00,000 each from Hindustan Auto Ltd. on 1st January, 2005 on the hire purchase system. The terms are : Payment on delivery Rs. 25,000 for each truck and balance of the Principal amount by 3 equal instalments plus interest at 15% per annum to be paid at the end of each year. Bombay Roadway Ltd. writes off 25% depreciation every year on the diminishing balance method. Bombay Roadway Ltd. paid the installments due on

31st December, 2005 and 31st December, 2006 but could not pay the final installment. Hindustan Auto Ltd. repossessed two trucks adjusting values against the amount due. The repossession was done on 1st January, 2008 on the basis of 40% depreciation on the diminishing balance method. You are required to write up the ledger accounts in the books of Bombay Roadways Ltd. showing the above transactions upto 1.1.2008.

SECTION—C

Note :— Attempt any **TWO** questions from this Section.

Answer to each question should not exceed **5** pages.

Each question carries **10** marks.

6. What do you mean by Goodwill ? Under what circumstances does it arise ? Explain and illustrate different methods of calculating Goodwill.
7. What are similarities and dissimilarities between Receipts and Payments Account and Income and Expenditure Account ?

8. A and B are partners sharing profits and losses in the ratio of 3 : 1. Their Balance Sheet on 31st Dec. 2010 was as under :

Liabilities	Rs.	Assets	Rs.
Creditors	32,000	Cash at Bank	15,000
B/P	8,000	B/R	10,000
Capital Account of A	90,000	Debtors	20,000
Capital Account of B	30,000	Stock	30,000
		Furniture	10,000
		Machinery	25,000
		Building	50,000
Total	1,60,000		1,60,000

On 1.1.2011 they decided to admit C on the following terms :

- C should bring Rs. 30,000 for 1/4th share in profits
- A provision of 5% should be made for doubtful debts
- Furniture is to be written down by Rs. 1,000
- Creditors should be reduced by Rs. 2,000
- Machinery is to be depreciated by Rs. 5,000
- Building is to be appreciated by Rs. 8,500.

Assuming that the firm had investment worth Rs. 12,500 unrecorded in the books of accounts. Prepare necessary accounts assuming that the partners do not agree to alter the book values of assets and liabilities.

9. Following is the Receipts and Payments Account of the Mumbai Club for the year ended 31st December, 2010.

RECEIPTS AND PAYMENTS ACCOUNT

For the year ended 31st December, 2010

Dr.		Cr.	
Receipts	Rs.	Payments	Rs.
To Balance b/d	3,000	By Rent	52,000
To Entrance Fees	5,500	By Stationary	
To Subscriptions :		Expenses, etc.	30,680
2009 Rs. 2,000		By Wages	53,300
2010 Rs. 1,69,000		By Billiards Table	39,000
2011 <u>Rs. 3,000</u>	1,74,000	By Repairs and	
To Locker Rent	5,000	Renewals	8,060
To Special		By Interest	15,000
Subscriptions for		By Balance c/d	23,960
Governor's Party	34,500		
	2,22,000		2,22,000

Additional Information :

- (a) Stationary Expenses, etc., Rs. 3,120 related to 2009, still owing Rs. 3,640.
- (b) Subscriptions unpaid for 2010 Rs. 8,680; Special subscriptions for Governor's Party outstanding Rs. 5,500. Governor's Party is to be held in January, 2011.
- (c) The Club owned Sports Materials of the value Rs. 1,60,000 on 1st January, 2010. This was valued at Rs. 1,35,500 on 31st December, 2010. Stock includes Sports materials of Rs. 5,000, which is to be written off, being not useable. The Club took a loan of Rs. 2,00,000 in 2009.

Prepare the Income and Expenditure Account for 2010 and the Balance Sheet as at 31st December, 2010.