

Exam. Code : 108502

Subject Code : 2182

B.Com. 2nd Semester

BCG-203 : ADVANCED FINANCIAL ACCOUNTING

Time Allowed—3 Hours] [Maximum Marks—40

Note :— Attempt *five* questions selecting at least *one* from each section. The **fifth** question may be attempted from any section. All questions carry equal marks.

SECTION—A

1. A businessman bought four motor vehicles costing Rs. 1,20,000 each on 1st May, 2015. He expected to fetch a scrap value of 25% of the cost price of vehicle after 10 years. He depreciated the vehicle under fixed instalment method up to 31st Dec., 2017.

With the effect from 1st Jan., 2018, he decided to introduce the diminishing balance method of depreciation @ 20% p.a. instead of fixed instalment method after he had sold one of the vehicles at Rs. 70,000 on 31st Dec., 2017.

Prepare motor vehicles account for the years 2015, 2016, 2017 and 2018; the accounting year being January to December, without giving any retrospective effect.

2. What do you mean by Reserves ? Discuss the different types of reserves.

SECTION—B

3. How does hire purchase system differ from instalment system ? Illustrate accounting treatment in the books of purchaser and vendor.
4. A and B started business on 1st Jan., 2018 with capitals in the ratio of 3 : 2. The assets and liabilities on 1st Jan., 2018 and 31st Dec., 2018 were as follows :

	As on 1 st Jan., 2018	As on 31 st Dec., 2018
	Rs.	Rs.
Cash in hand & at Bank	20,025	15,000
Bills receivable	10,000	17,500
Debtors	75,000	1,25,000
Stock in trade	18,500	19,000
Fixed assets	3,00,000	3,27,000
Creditors	28,525	33,500

The partners share the profit in ratio of 3 : 2 after charging interest on capital at the beginning at 5% p.a. and providing for interest on drawings @ 6% p.a. Drawings are Rs. 40,000 for A and Rs. 30,000 for B. Calculate profit and prepare Statement of Affairs as on 31st Dec., 2018

SECTION—C

5. L and M share profits of the business in ratio of 5 : 3. They admit N into the firm for a fourth share in the profits to be contributed equally by L and M. On the date of admission, the Balance Sheet of L and M was as follows :

Balance Sheet as on 31st March, 2019

Liabilities	Rs.	Assets	Rs.
L's Capital	30,000	Machinery	26,000
M's Capital	20,000	Furniture	18,000
Reserve Fund	4,000	Stock	10,000
Bank Loan	12,000	Debtors	8,000
Creditors	2,000	Cash	6,000
Total	68,000	Total	68,000

Terms of N's admission were as follows :

- N will bring Rs. 25,000 as his capital.
 - Goodwill of the firm is to be valued at 4 years' purchase of average super profits of last three years. Average profits of last three years are Rs. 20,000; while the normal profits that can be earned on the capital employed are Rs. 12,000.
 - Furniture is to be valued at Rs. 24,000 and the value of stock to be reduced by 20%. Prepare revaluation account, Partner's Capital Accounts and the Balance Sheet of the firm after admission of N.
6. What is partnership deed ? What are its contents ? What rules are applicable in the absence of a partnership deed ?

SECTION—D

7. The Balance Sheet of A, B and C who are equal partners, stood as follows on 31st March, 2019 :

Liabilities	Rs.	Assets	Rs.
Creditors	55,000	Cash at Bank	6,250
Capital Accounts :		Debtors	62,500
A	82,500	Stock	87,500
C	55,000	Investments	25,000
		Furniture	1,250
		B's Account Overdrawn	10,000
Total	1,92,500	Total	1,92,500

The firm was dissolved as on that date. For the purpose of dissolution the investment were valued at Rs. 40,000 and stock at Rs. 70,000. C agreed to take over the investments and A to take over the stock. A also took over the furniture at book value. The debtors realized Rs. 59,000 and the creditors were paid of Rs. 53,500 in full satisfaction of their claims.

Assuming that, B is insolvent and is unable to bring anything in respect of his debts to the firm. Show the realization and capital accounts of all the partners, the final adjustments being made in accordance with decision in Garner vs. Murray.

8. What do you mean by dissolution of partnership and dissolution of firm ? Discuss the various methods of dissolution of firm.