

B.Com - 2nd Sem.

(2721)

Paper: BCG-203 Advanced Financial Accounting

Time Allowed: 2 hrs.

Max. Marks: 40

Note: There are EIGHT questions of equal marks. Candidates are required to attempt any FOUR questions.

SECTION - A

- 1) a) What is provision for depreciation and in what manner provision for depreciation is recorded in the books ?
b) What are the different types of reserves ? Discuss.
- 2) Rajeshwar spinning plant purchased machinery for Rs. 9,000 on 1st July 2015 and spent Rs. 1,000 on its repairs and installation. Depreciation was provided at 10% p.a. on straight line method on 31st December every year. However in 2017 the company decided to change the method from straight line to diminishing balance method and new rate is 15% p.a. Give the machinery account for four years.

SECTION - B

- 3) Distinguish between single entry and double entry systems of accounts and bring out the disadvantages of the single entry system ? Also explain how profits made during a particular period be ascertained under the single entry system ?
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(2)

- 4) National Sales Corporation has a hire purchase department. Goods are sold on hire purchase at cost plus 25%. From the following particulars, prepare ledger accounts according to stock and debtors system.

	Rs.
Stock with Hire Purchase Customer at Selling Price on 1.4.2012	15,000
Installment Due (customer paying) on 1.4.2012	1,800
Hire Purchase Sales at selling price during the year 2012-13	96,500
Cash received during the year	98,300
Goods repossessed (installment due Rs. 2,000) valued at	1,700
Installment Due (customer paying) on 31.3.2013	1,100

SECTION - C

- 5) Define goodwill and state the factors upon which it depends and the methods which may be adopted to evaluate it.
- 6) The Balance Sheet of A, B and C on 31st December, 2020, the date of A's retirement, was as follows :

Liabilities	Amount	Assets	Amount
Capital Accounts :		Goodwill	15,000
A 40,000		Land and buildings	40,000
B 40,000		Plant and Machinery	28,000
C 30,000	1,10,000	Motor car	27,000
Sundry Creditors	25,000	Sundry Debtors	24,000
		Cash at Bank	1,000
	1,35,000		1,35,000

The following terms have been agreed upon:

- Goodwill should be valued at Rs. 21,000.
- The value of land and building should be appreciated to Rs. 50,000.
- Plant and Machinery should be reduced to Rs. 23,000.
- Create provision at 5% on debtors for bad and doubtful debts.
- Create provision for discount of Rs.700 on creditors.
- The entire sum payable to A is to be brought by B and C in such a manner that their capital accounts are in the proportion to their profit sharing ratio, which is to be equal.

Pass Journal entries to record the above and prepare Balance Sheet of the new firm.

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(3)

SECTION - D

- 7) X, Y and Z are partners in a firm sharing profits and losses in the ratio of 2:2:1. On 30th June, 2003, their Balance Sheet was as follows :

Liabilities		Amount	Assets		Amount
Capital Accounts :			Plant and Machinery		40,000
X	30,000		Sundry Debtors	16,000	
Y	25,000		Less : provision	<u>1,000</u>	15,000
Z	15,000	70,000	Cash at Bank		7,000
Sundry Creditors		11,000	Stock		15,000
Mrs. Z's Loan		6,000	Patents		5,000
General Reserve		4,000	Leasehold Premises		9,000
		91,000			91,000

It was decided to dissolve the firm on the above date. X agreeing to take over the business (except cash) at the following valuations :

	Rs.
Plant and Machinery	35,000
Patents	8,000
Stock	14,000
Sundry Debtors	14,500 (Net)
Leasehold premises	20,000
Goodwill	10,000

Mrs. Z's Loan was to be repaid and the creditors were taken by X at a value of Rs. 10,500. The dissolution expenses came to Rs. 100.

Give necessary ledger accounts to close the books of the firm.

- 8) What do you mean by dissolution of firm ? How is it different from dissolution of partnership ?

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