

Exam. Code : 108502  
Subject Code : 1939

B.Com. 2<sup>nd</sup> Semester (Batch 2021-24)  
ADVANCED FINANCIAL ACCOUNTING  
Paper : BCG-203

Time Allowed—3 Hours] [Maximum Marks—40

Note :— Attempt FIVE questions in all, selecting at least ONE question from each section. The fifth question may be attempted from any section. All questions carry equal marks.

SECTION—A

- (a) What are the features of Provision and how is it different from Reserve ?
  - (b) What is depreciation, how does it arise and why should an adequate provision be made for it ?
2. Mr. Sunil purchased Machinery for Rs. 50,000 on 1<sup>st</sup> January 2015. On 1<sup>st</sup> July, 2015 he purchased another machinery for Rs. 20,000. He provides depreciation @ 10% p.a. on diminishing balance method. However in 2017 he changed the method from diminishing balance to straight line without changing the rate with retrospective effect and this retrospective effect is shown in the year 2017. Prepare machinery account from 2015 to 2018.

## SECTION—B

3. Distinguish between :
- (a) Single Entry and Double Entry system
- (b) Hire Purchase System and Installment System.
4. M sells goods on hire-purchase at cost plus 25%. From the following particulars prepare necessary accounts under 'stock and debtors system' :

		Rs.
April 1, 2009	Stock out with hire-purchase customers at selling price	5,000
	Stock at shop (at cost)	15,000
	Installment due	3,000
March 31, 2020	Cash received from customers	40,000
	Goods repossessed (installment due Rs. 2000) valued at	600
	Installment due	6,000
	Stock at shop (including repossessed goods)	20,600
	Goods purchased during the year	45,000

SECTION—C

5. Distinguish between :
- (a) Memorandum revaluation account and revaluation account.
- (b) Sacrificing ratio and gaining ratio.
6. The Balance Sheet of A, B and C, who were sharing profits and losses in proportion in their capitals, stood as on 31<sup>st</sup> December, 2020 :

Liabilities	Amount
Capital Accounts :	
A            20,000	
B            15,000	
C <u>10,000</u>	45,000
Sundry Creditors	6,900
	<b>51,900</b>
Assets	Amount
Plant and Machinery	8,500
Stock	8,000
Debtors                    5,000	
Less : Provision <u>100</u>	4,900
Factory Land and Building	25,000
Cash at Bank	5,500
	<b>51,900</b>

Additional information in connection with the dissolution was as follows :

- (a) Joint life policy was surrendered and insurance company paid a sum of Rs. 18,000.
- (b) B took some of the patents at Rs. 3,500 whose book value was Rs. 5,000.
- (c) The remaining assets were realized as follows :  
Machinery Rs. 30,000; Stock Rs. 15,500; Debtors Rs. 25,500; Patents 50% of the book value.
- (d) Liabilities were paid and discount of Rs. 1,250 was allowed by the creditors.
- (e) Expenses of dissolution amounted Rs. 1,500.

Prepare necessary Ledger accounts to close the books of the firm.