Exam. Code : 121102
Subject Code : 103086

B.Com. 2ⁿᵈ Sem. (Batch 2023-26) (CBGS)
ADVANCED FINANCIAL ACCOUNTING
Paper : BCG–203

Time Allowed— 3 Hours]   [Maximum Marks—75

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

1. What are provisions ? Give features and importance of provision. How are provisions different from reserves ?

2. On 1ˢᵗ January, 2008, X Ltd. purchased Machinery for Rs. 58,000 and spent Rs. 2,000 on its erection. On 1ˢᵗ July, 2008 an Additional Machinery costing Rs. 20,000 was purchased. On 1ˢᵗ July, 2010 the Machine purchased on 1ˢᵗ January, 2008 was sold for Rs. 28,600 and on the same date, a New Machine was purchased at a Cost of Rs. 40,000. Show the Machinery Account for the first four calendar years according to Written Down Value Method taking the rate of depreciation at 10% p.a.

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SECTION—B

3. What is Single Entry System ? Discuss its advantages and disadvantages. How is it different from Double Entry System ?

4. On 1st January, 2014, Singh Transport Ltd. purchased from India Automobile Ltd. three Trucks costing Rs. 50,000 each on hire purchase system. Payment was to be made Rs. 30,000 down and the remainder in three equal installments together with interest @ 9%. Singh Transport Ltd. writes off depreciation @ 20% on the diminishing balance. It paid the installment due on 31st December, 2014 but could not pay the next. India Automobile Ltd. Agreed to leave one truck with the hire purchaser, adjusting the value of other trucks against the amount due. The trucks were valued on the basis of 30% depreciation annually. Give the necessary ledger accounts in the books of both the parties assuming that the trucks were reconditioned by the vendor at an expense of Rs. 7,500 and then were sold for Rs. 60,000 in the third year.

SECTION—C

5. What do you mean by partnership ? Discuss its features. Distinguish between fixed and fluctuating capital.

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6. The Balance Sheet of A, B and C on 31ˢᵗ December, 2017, the data of A's retirement, was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	25,000	Goodwill	15,000
Capital-		Land and Building	40,000
A	40,000		
B	40,000		
C	30,000		
		Plant and Machinery	28,000
		Motor Car	27,000
		Debtors	24,000
		Cash at Bank	1,000
	1,35,000		1,35,000

The following terms have been agreed upon :

(1) Goodwill should be valued at Rs. 21,000.

(2) The value of Land and Building should be appreciated to Rs. 50,000.

(3) Plant and Machinery should be reduced to Rs. 23,000.

(4) Create provision at 5% on debtors for bad and doubtful debts.

(5) Create provision for discount of Rs. 700 in Creditors.

(6) 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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SECTION—D

7. Differentiate Between :

   (i) Realization and Revaluation Account.

   (ii) Dissolution of Partnership and Dissolution of Firm.

8. As partners A, B and C share profits and losses in the ratio of 4 : 3 : 2 respectively. On 31ˢᵗ March, 2017 their Balance Sheet was shown as under :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	3,50,000	Cash at Bank	1,00,000
A's Capital Account	4,00,000	Debtors	2,00,000
B's Capital Account	2,00,000	Stock	5,50,000
C's Capital Account	50,000	Furniture	1,50,000
	10,00,000		10,00,000

On this date, the partners decided to dissolve the firm. A took over part of the furniture for Rs. 40,000 and the remaining furniture was sold in auction for Rs. 10,000. Debtors realized Rs. 1,50,000. Stock was sold for Rs. 2,70,000. Expenses totaled Rs. 20,000.

Prepare important ledger accounts and the Cash Book closing the books of account. C was insolvent and his estate was not in a position to contribute anything towards his deficiency. Apply Garner Vs Murray rule. Calculations may be done to the nearest rupee.