

(8 pages)

S.No. 8408

P 22 COCC 12

(For candidates admitted from 2022–2023 onwards)

M.Com. DEGREE EXAMINATION, NOVEMBER 2023

Co-Operative Management

ADVANCED FINANCIAL ACCOUNTING

Time : Three hours

Maximum : 75 marks

SECTION A — (20 marks)

Answer ALL questions.

- I. (A) Multiple choice questions : (5 × 1 = 5)
1. In the absence of a partnership deed, partners are entitled to receive _____.
(a) Interest on loan
(b) Salary
(c) Commission
(d) Interest on Capital
2. The amount realised from an unrecorded asset is credited to _____ on the dissolution of a firm.
(a) Partners' capital accounts
(b) Cash account
(c) Realization account
(d) Revaluation account

3. The amount paid at the time of hire purchase agreement is known as:
(a) Installment
(b) Down payment
(c) Cash price
(d) Hire purchase price
4. The departmental accounting enables a business firm to maximize _____.
(a) Profit (b) Losses
(c) Cash (d) Assets
5. Equity shareholders and preference shareholders are:
(a) Members/owners
(b) Creditors
(c) Customers of the company
(d) Lenders.
(B) Fill in the blanks : (5 × 1 = 5)
6. The responsibility of partners in a partnership organisation _____.
(a) Partners' capital accounts
(b) Cash account
(c) Realization account
(d) Revaluation account
7. Cash balance shown in the Balance Sheet is shown on the dissolution of the firm in _____.

8. Hire purchase act came in to force with effect from _____.
9. Under branch accounts debtors system, goods sent to branch account is recorded in _____.
10. Maximum permitted capital of the company is known as _____.
- II. Short questions : (5 × 2 = 10)
11. What do you mean by Admission in partnership Accounts?
12. Define sale of partnership.
13. What do you mean by installment accounting?
14. Define Stock in financial accounting.
15. What do you mean by allotment of shares?

SECTION B — (5 × 5 = 25)

Answer ALL questions, choosing either (a) or (b).

16. (a) A, B and C are partners, sharing in the ratio of 9:7:4. B retires from the firm. The Amount due to B on retirement was calculated to be Rs. 70,000. Calculate new and Gaining ratios if:

- (i) A contributes Rs. 40,000 and C Rs. 30,000 to take B's share.
- (ii) A pays Rs. 20,000 and C Rs. 50,000 to clear B's dues.

Or

- (b) X, Y and Z are partners sharing profits and losses in the ratio of 4 : 3 : 1 respectively, Y retires, selling his share of profit to X and Z for Rs. 16,200, Rs. 7,200 being paid by and Rs. 9,000 being paid by Z. The profit of the firm after Y's retirement is Rs. 21,000. Distribute the above profit between X and Z, showing how you arrive at the same.
17. (a) Distinguish between dissolution of partnership and dissolution of firm.

Or

- (b) What journal entries would be passed for the following transactions on the dissolution, of a firm, after various assets (other than cash) and third party liabilities have been transferred to Realizations A/c?
- (i) Bank loan Rs. 12,000 is paid
- (ii) Stock worth Rs. 6,000 is taken over by partner B

(iii) Expenses on dissolution amounted to Rs. 1,500 and were paid by the partner A

(iv) A typewriter completely written off in the books of account was sold for Rs. 200.

18. (a) Arul purchased machinery under the hire purchase system from Mr. Balu. The cash Price of the machinery was Rs. 15,000. The payment for the purchase is to be made as follows: On signing the agreement Rs. 3,000; end of the first year Rs. 5,000; end of the second year Rs. 5,000; end of the third year Rs. 5,000. Calculate the amount of interest included in each installment.

Or

- (b) A television set cash price of which is Rs. 18,000 is sold on hire purchase system for Rs. 20,000 payable in 4 quarterly installments of Rs. 5,000 each. The first payment is made at the end of the 1st quarter. Show how interest is calculated.

19. (a) Distinguish between branch accounts and Departmental Accounts.

Or

- (b) Compute Opening branch debtors balance from the following transactions:

(i) Credit sales Rs. 51,000

(ii) Cash Received from debtors by the branch Rs. 42,500

(iii) Branch Debtors (Closing) Rs. 7,700

(iv) Discount allowed to customers by branch Rs. 1,800

20. (a) Describe the objectives of Share Allotment of the Company.

Or

- (b) Explain the features of share forfeitures in Company Accounts.

SECTION C — (3 × 10 = 30)

Answer any THREE out of Five questions.

21. 'X', 'Y' and 'Z' are partners sharing profits in the ratio of 2 : 2 : 1. 'Y' dies on 31st March 2009. Accounts are closed on 31st Dec. Sales for the year 2021 amounted to Rs. 6,00,000. Sales of

Rs. 2,00,000 amounted between the period of 1st Jan. 2022 and 31st Mar. 2022. The profit for the year 2008 amounted to Rs. 60,000. Calculate the deceased partners share in the profit of the firm.

22. X, Y and Z are partners sharing profits & losses in the ratio of 2 : 2 : 1 respectively. Y is insolvent and his estate is unable to contribute anything. You are required to pass two journal entries as per Garner vs. Murray rule from the following information :

Realisation loss Rs. 1,20,000

Deficiency in Y's Capital A/c: Rs. 22,000

Capital Ratio of X and Z : 73 : 25

23. Vasantham company purchased a motor car from Sivan on the instalment system on Jan. 1. 2000 paying cash Rs. 20,000 and agreeing to pay three further instalments of Rs. 20,000 each on 31st Dec. of the coming years. The cash price of the car is Rs. 74,500 and Sivan charges interest at 5% per annum. Vasantham writes off Depreciation at 10% per annum on Written Down Value Method. Show the ledger a/cs in the books of Vasantham and Sivan.

24. From the following data, compute Gross Profit of the Branch:

- (a) Goods received from the H.O, at invoice price Rs. 60,000
- (b) Returns to H.O. at invoice price Rs. 1,200
- (c) Branch stock on 1.4.2022 at invoice price Rs. 6,000
- (d) Branch stock at invoice price on 31.3.2023 Rs. 12,000
- (e) Surplus Stock (found in Branch stock A/c) Rs. 2,400
- (f) Goods are invoiced to branch at cost plus 25%

25. Explain the different types of Shares Issued to a Company.