

Roll.No.

23UBBCT2003

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai - 600 044.

B.Com. BIM - END SEMESTER EXAMINATIONS - NOVEMBER 2025  
SEMESTER - II

**23UBBCT2003 - Advanced Financial Accounting**

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

### Section B

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. Distinguish between wholesale profit and retail profit in branch accounting.
2. Discuss the basis for allocation of common expenses among departments.
3. M, N and O are partners sharing profit in the ratio 3:2:1. O retired and new profit sharing ratio between M&N was 1:2. On O's retirement the goodwill was valued at Rs.18,000. Pass journal entries for Goodwill treatment.
4. A Trichy head office has a branch at Thanjavur to which goods are invoiced at cost plus 20%.from the following particulars, prepare branch A/c in the head office books:

	Rs.
Goods sent to branch	2,11,872
Total Sales	2,06,400
Cash sales	1,10,400
Cash received from Branch Debtors	88,000
Branch Debtors on 01.01.2024	24,000
Branch Stock on 01-01-2024	7,680
Branch Stock on 31-12-2024	13,440

5. The following purchases were made by a business house having three departments.  
Dept.A - 1,000 units  
Dept.B - 2,000 units  
Dept.C - 2,400 units at a total cost of Rs.1,00,000  
Stocks on 1<sup>st</sup> January were:  
Dept.A - 120 units  
Dept.B - 80 units  
Dept.C - 152 units  
Sales were :  
Dept.A - 1020 units at Rs.20  
Dept.B - 1920 units at Rs.22.50 each  
Dept.C - 2496 units at Rs.25 each

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A firm earned net profits during the last three years as follows:

1 year – 36,000

2 year – 40,000

3 year – 44,000 (loss)

The rate of Gross Profit is same in each case. Prepare Departmental Trading Account.

6. Ram Purchased a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in four annual instalments of Rs.25,000 each plus interest. The cash price was Rs.1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Calculate interest for each year and the instalment amount.

7. A firm earned net profits during the last three years as follows:

I Year - Rs.36,000 II Year - Rs.40,000 III Year - Rs.44,000 (loss)

The capital investment of the firm is Rs.1,20,000. A fair return on the capita having regard to the risk involved is 10%. Calculate the value of good-will on the basis of 3 years purchase of super profits.

8. X, Y and Z sharing profits in the proportion of 3 : 2 : 1 decided to dissolve partnership on 31.12.2024. Their balance sheet on date was as under :

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Leasehold premises	12,500
X	30,000	Goodwill	20,000
Y	10,000	Machinery	30,520
Z	10,000	Stock	7,550
Bank loan	11,500	Investments	6,330
Leasehold redemption fund	6,000	Joint life policy	12,000
Life policy Fund	12,000	Sundry Debtors	5,800
Sundry Creditors	16,200	Less: Reserve	500
		Cash at Bank	1,500
	95,700		95,700

The joint life policy is surrendered for Rs.10,000. The Investments are taken over by Y for Rs.8,000. X agreed to discharge the bank loan. The remaining assets are sold for Rs.86,700. The expenses of realisation amount to Rs.850. Show the necessary ledger accounts including the accounts of the partners.

### Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, Prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

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Stock on 01.01.2024 (invoice price) Rs.27,900, Debtors on 01.01.2024 Rs.20,400, Goods invoiced to the branch (invoice price) Rs.1,53,000, Cash Sales Rs.75,000, Credit Sales Rs.93,000, Cash collected from debtors Rs.91,200, Goods returned by debtors Rs.3,600, Goods returned to H.O. by branch Rs.4,500, Shortage of stock Rs.1,350, Discount allowed Rs.600, Expenses at the branch Rs.16,200, Bad debts Rs.600.

10. Nova Group of Company has two departments X and Y. Department X sells goods to Y department at normal market price. From the following particulars, prepare departmental trading and profit & loss account for the year ended 31-12-2024.

Particulars	Department X (Rs.)	Department Y (Rs.)	General Total (Rs.)
Stock on 01.01.2024	15,000	-	-
Purchases	2,50,000	40,000	-
Goods from department X	-	40,000	-
Wages	15,000	20,000	-
Salaries (Departmental)	7,000	5,000	-
Closing stock at cost to the department	80,000	20,000	-
Sales	2,60,000	1,45,000	-
Printing and Stationery	2,500	1,500	-
Machinery	-	15,000	-
Advertisement	-	-	12,000
Salaries (General)	-	-	18,000

Depreciate machinery by 10%. The general unallocated expenses are to be apportioned in the ratio of 2:1 to the departments X and Y. Half of the closing stock of department Y represents goods received from department X.

11. On 1<sup>st</sup> January 2024 Babu & Co. purchased a machine on hire purchase basis, the total amount payable being Rs.42,700. Payment was to be made Rs.12,000 on that date and balance in three half-yearly instalments of Rs.11,400, Rs.10,900 and Rs.8,400 commencing from 30<sup>th</sup> June 1996. The vendor charged interest at 10 per annum calculated on half-yearly rests. Baba & Co. close their books annually on 30<sup>th</sup> June and provide depreciation at 10% per annum on reducing balance method. Determine the cash price of the machine and show the relevant accounts in the books of Babu & Co.

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12. A, B and C are partners in a firm sharing profits and losses in the ratio of 1/3:1/2:1/6 respectively. Their Balance Sheet as on 31-12-2024 was as follows

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	25,000	Building	50,000
Loan Payable	15,000	Machinery	40,000
Reserve Fund	16,000	Furniture	10,000
Capital:		Stock	25,000
A	30,000	Debtors 18,000	
B	40,000	(-) Provision 500	17,500
C	25,000	Cash	8,500
	1,51,000		1,51,000

C retires on 31-12-2024 subject to the following conditions:

- A goodwill account is crated in the books for Rs.24,000.
- Machinery to be depreciated by 10%.
- Furniture to be depreciated by 5%.
- Stock to be appreciated by 15% and buildings to be appreciated by 10%.
- Reserve for doubtful debts to be raised to Rs.2,000.

Prepare necessary ledger accounts and show the Balance Sheet of the new firm.

13. A, B and C commenced business on 01.01.2023 with capitals of Rs.2,00,000, Rs.1,60,000 and Rs.1,20,000 respectively. Profits and losses were shared in the ratio of 4:3:3 Capital carried interest at 5% p.a. During 2023 and 2024, they made profits of Rs.80,000 and Rs.1,00,000 (before allowing interest on capitals). Drawings of each partner were Rs.20,000 per year. On 31.12.2024, the firm was dissolved. Creditors on that date were Rs.48,000. The assets realised Rs.5,20,000(Net). Give the necessary accounts to close the books of the firm.

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