

Roll No: _____

Date: __/__/____

St. Clare College

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION-MAY 2025
B.COM II SEMESTER
BC2124: ADVANCED FINANCIAL ACCOUNTING



TIME: 3 hours.

9

MAX. MARKS: 80

This paper contains EIGHT printed pages and FOUR parts

Instructions:

1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

PART-A

Answer ALL questions. Each answer carries ONE mark.

[1 x 10 = 10]

1. Which type of business structure offers limited liability and is managed through mutual agreement?
A) Sole Proprietorship B) Unlimited Partnership C) Limited Partnership D) Joint-Stock Company
2. Which of the following Act governs LLP
A) Partnership Act of 1932 B) Limited Liability Partnership Act 2008
C) Indian Contract Act of 1872 D) LLP Act 2020
3. Which of the following is the feature of Joint Venture
A) Two or more parties come together for the execution of a particular job or business
B) Two or more person come together to start the business and share profit.
C) Joint Venture must have a firm name
D) A minor can be admitted to Joint Venture
4. Choose the accounts to be prepared when separate books are maintained in Joint Venture
A) Co-Venture A/c, Joint Venture A/C, Debtors A/c
B) Joint Bank A/c, Co-Venture A/c, Joint Venture A/C
C) Commission A/c, Debtors A/, Co-Venture A/c
D) Commission A/c, Joint Venture A/C, Debtors A/c
5. The branches that are allowed to make their own purchases and do not need to send the cash they receive regularly are called
A) Freedom Branch B) Normal Branches C) Dependent Branches D) Independent Branches
6. The following system involves the preparation of ascertaining branch profit or loss at the branch by preparing only the Branch account.
A) Stock System B) Final Account System C) Debtor System D) Wholesale System

7. Expand CTAA
 A) Cumulative Translation Adjustment Account B) Current Translation Adjustment Account
 C) Creditors Tax Adjustment Account D) Cash Transaction Adjustment Account
8. Which of the following exchange rate is applicable for conversion of purchases into head office currency
 A) Opening Exchange Rate B) Average Exchange Rate C) Closing Exchange Rate D) Actual Rate
9. Under which of the method all departments are kept in a single set of books
 A) Dependent Basis B) Independent Basis C) Columnar Basis D) Singular Method
10. What is the basis of allocation applicable for carriage outwards
 A) Net Sales B) Net Purchases C) No of Light Points D) Basis of both Sales and Purchases

PART-B

Answer any THREE questions. Each answer carries EIGHT marks.

[8 x 3= 24]

11. You are given the following extracts of Ledger Balance taken from Rukmini Ltd. for the year ending 31/3/2024. Prepare a statement of profit and loss.

Particulars	₹	Particulars	₹
Revenue from operation	4,90,000	Bad debts	2,500
Other Income	10,000	Preliminary exp. written off	5,000
Advertising	26,250	Discount	2,500
Salaries	135000	Printing & Stationery	5,000
Depreciation	14,000	Cost of Goods	1,25,000
Interest on loan	5,000		
Insurance	5,000		

Make a provision for tax of 30% on profit.

12. M, R & S entered a joint venture contract and ₹1,50,000 is the contract price. ₹50,000; ₹30,000 and ₹30,000 were invested by M, R & S respectively and joint Bank account opened. They purchased materials for ₹80,000. M paid architect fees of ₹2,000, R paid for sundry expenses of ₹2,000 and S paid for cement ₹5,000. The contract was duly carried out. All the transactions were done through Joint Bank account. Pass necessary journal entries when separate set of books are maintained.
13. Apportion the following expenses on suitable Basis.

Marine Insurance	Electricity Charges
Selling and Distribution Expenses	Carriage Outwards
Depreciation of Machinery	Salaries
Employee Insurance	Rent and Rates

14. Define foreign branches. Convert the following items into head office currency using appropriate exchange rate.

Plant and Machinery \$1,200	Head Office Account \$1,500
Sales \$ 400	Wages \$80
Carriage Inward \$200	Trade Creditors \$1,700
Cash in Hand \$100	Opening Stock ₹ 300
Discount Allowed \$100	Printing \$100
Sundry Expenses \$100	Closing Stock \$400

- The following information is given:

Head office is located at Delhi, India and head office balance stood as 4,30,000

Rate of exchange on 1/4/23 was ₹ 39 = 1\$

on 31/3/24 was ₹41 = 1\$

Average rate during the year was ₹40 = 1\$

Fixed asset were purchased on 1/4/23.

15. Manorama Ltd with its head office in Bengaluru has a branch at Mandya. You are given the following particulars relating to Mandya branch for the year ended 31/3/24

Stock on 1/4/23 ₹35,000

Petty cash at branch on 1/4/23 ₹100

Goods sent to branch ₹45,000

Good returned by the branch ₹4,000

Cash sent to branch for expenses - salaries- ₹12,000; Rent ₹1,500; Petty cash ₹2,600

Petty expenses at branch – ₹700

Stock on 31/3/24- ₹35,000

Cash sales at branch - ₹10,000

Prepare Branch Account in the books of H.O

PART-C

Answer any THREE questions. Each answer carries TWELVE marks

[12 x 3 =24]

16. A) Explain the difference between Limited Liability Partnership and Partnership firm

B) From the Trial Balance of MN Company Ltd., as at 31/3/24. Prepare the Balance sheet as at 31/3/24

Debit	Rs	Credit	Rs
Tangible Assets	12,00,000	Partner's Capital	10,00,000
Intangible Assets	4,00,000	General Reserve	6,00,000
Current Investments	4,00,000	Non-Current Liabilities	10,00,000
Other Non-current Investment	4,00,000	Profit and Loss A/c	6,00,000
Trade Receivables	5,00,000	Current Liabilities	7,00,000
Stock	8,00,000		
Cash	2,00,000		
	39,00,000		39,00,000

17. R and S undertake jointly to construct a building for a newly started Joint Stock company for a contract price of ₹1,00,000 payable as to ₹80,000 by installment in cash and ₹20,000 in fully paid shares of the company. A joint bank account was opened by R paying ₹25,000 and S ₹15,000. They are to share profits and losses in the ratio of 2:1 respectively.

Their transaction was as follow Paid Wages ₹ 30,000 and Materials ₹70,000

Materials supplied by R ₹5,000 and S ₹4,000 Architects fees paid by R ₹2,000

The contract was completed and the price (cash and shares) duly received. The Joint Venture was closed by R taking up all the shares of the company at an agreed valuation of ₹16,000. S is taking the stock of materials at an agreed valuation of ₹3,000. Prepare Joint Venture Account, Co-Ventures Capital Account, Shares account and joint bank account.

18. Shoe Company of Kanpur has its Branch at Delhi. Goods are invoiced to the branch at cost plus 25%. Branch has been instructed to deposit daily all cash received by it in the H.O. Except petty expenses which are met by the Branch Manager from the petty cash amount sent by the H.O from time to time. From the following particulars prepare Delhi Branch A/c in the books of the H.O at Kanpur. The Branch sells the goods at the invoice price only.

Stock on 1.4.2023 at invoice price	30,000
Sundry Debtors on 1.4.2023	18,000
Cash in Hand on 1.4.2023	800
Office Furniture on 1.4.2023	2,400
Goods invoiced from H.O (Invoice Price)	1,60,000
Goods returned to H.O (Invoice Price)	2,000
Cash received from Debtors	60,000
Total sales	1,60,000
Cash Sales	1,00,000
Discount allowed to Debtors	600
Goods returned by Debtors	960
Expenses paid by H.O: For Rent ₹2,400 For Salary ₹4,800 For Printing & Stationery ₹600	7,800
Petty expenses paid by Branch Manager	560
Stock at branch 31.3.2024	28,000

Depreciation is to be provided on Branch Furniture at 10% p.a.

19. The following is the trial balance of the Nairobi Branch of B Ltd. of Mumbai as on 31st March, 2024.

Particulars	Debit (Shillings)	Credit (Shillings)
Land and Buildings	1,50,000	
Plant and Machinery	3,00,000	
Furniture and Fittings	20,000	
Stock as on April 1, 2023	56,000	
Purchases	2,40,000	
Goods Received from Head office	80,000	
Wages	30,000	
Carriage Inward	5,000	
Sales		6,16,000
Salaries	25,000	
Rent, Rates and Taxes	5,000	
Insurance	4,000	
Trade Expenses	3,000	
Head Office Account		2,40,000
Sundry Creditors		18,000
Sundry Debtors	30,000	
Cash in Hand and at Bank	10,000	
Bills Payable		84,000
	9,58,000	9,58,000

The stock at on 31st March, 2024 was 30,000 shillings. The following were the exchange rates

When fixed assets were acquired Re. 1 = 1.50 shillings

On April 1, 2023 Re.1 = 0.90 shillings

- On March 31, 2024 Re. 1 = 0.92 shillings

Average Re. 1 = 0.91 shillings

Goods from head office were invoiced in head office books at ₹90,000. The Branch Account in head office books shows a debit balance of ₹1,62,000. Convert the Nairobi Trial Balance and prepare the Nairobi Trading and Profit and Loss Account after charging 10% depreciation on Plant and Machinery and Furniture and Fittings. Also give the Nairobi Branch Account in head office books.

20. The following trial balance for the year ended 31/03/2023 was extracted from the books of Manasa Traders.

Particulars	Dr	Cr
Capital	-	75,000
Drawings	15,000	-
Stock on 1/4/2022		
TV	67,500	-
Mobile Phone	31,500	-
Sales	-	
TV	-	4,41,000
Mobile Phone	-	2,19,000
Purchases:		
TV	3,37,500	-
Mobile Phone	1,72,500	-
Salaries	18,900	-
Advertisement	13,350	-
Rent Rates and Taxes	4,800	-
Commission	15,900	-
General Expenses	7,500	-
Furniture	18,600	-
Sundry Debtors	25,200	-
4% Government Securities	15,000	-
Sundry Creditors	-	13,200
Interest	-	600
Provision for bad debts	-	1,200
Cash and Bank balance	6,750	-
	7,50,000	7,50,000

Prepare the Departmental Trading and Profit and loss A/c for the year end 31/03/2023 and Balance Sheet as on that date after taking into account the following:

- The Stock as on 31/03/2023 was TV-₹ 45,000, Mobile Phones – ₹36,000
- An amount of ₹ 1,800 from debtors has to be written off as bad and the provision for doubtful Debts has to be increased thereafter to 10% of the debtors.
- The following expenses are outstanding as on 31/03/2023- Advertisement ₹1,950; Salaries ₹1,800 and Commission ₹2,550.
- Provide 10% depreciation on Furniture.
- Revenue items to be allocated in the ratio of 2:1 between TV and Mobile Phones. Ignore the fraction of a rupee in the calculation.

PART-D

Answer the following question. It carries TEN marks

[10 x 1=10]

21. Background:

Advaith Ltd. operates a retail branch in Madikeri. The branch receives goods from the Head Office (H.O.) in Mumbai at cost price. All cash received by the branch is remitted to the H.O., while branch petty expenses are paid directly at the branch office.

Financial Data during 2023-24 includes:

Opening Balances (as of 1st April 2023):

Stock: ₹8,000 Petty Cash: ₹1,000 Plant: ₹10,000 Debtors: ₹30,000

Transactions During the Year (1st April 2023 – 31st March 2024):

Stock at cost (Closing balance): ₹7,000 Goods sent to the branch: ₹5,000

Petty expenses paid by the branch: ₹700

Total Sales ₹70,000 (including cash sales of ₹20,000)

Sale of Plant (1st April 2023): ₹800 (Book value ₹900)

Cash received from Debtors -20,000 Goods returned by customers -₹5,000

Expenses paid by H.O for Salary ₹3,000; Petty Expenses -₹2,000

Case Study Questions:

- Mumbai Head Office wants to know the closing balance of debtors. Help them calculate the same.
- Determine the closing balance of petty cash left with the branch.
- Ascertain the profit or loss of the branch by preparing the Branch Account.
- How do you treat the loss from the sale of the plant in the Branch Account?
