



Institute of Management
JK Lakshmipat University, Jaipur
END TERM EXAMINATION (BACKLOG) April, 2018

Programme: B.com. (H) Sem- II
MM: 50 Marks

Course: Advanced Financial Accounting
Time: 3 Hours
Subject code: AC08

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. . On 1st May 2009, Manoj accepted Ganesh draft for Rs. 87000 at 3 months. On 4th May 2009 Ganesh got it discounted at 8.5% P.A. and remitted one-third of the proceeds to Gaurav. On the due date, Ganesh was not able to send the amount. Instead, he accepted Manoj bill for Rs. 60000 at 2 months. Manoj got it discounted for Rs. 59650. Out of this Rs. 8300 was sent to Ganesh. Early in October Ganesh became insolvent. He paid 45%. Give journal entries in the books of both parties and give Ganesh a/c in the books of Manoj. Calculation made in nearest rupee.
(10 marks)

Q2. Accounting is ingrained in our society and is vital to our economic system. Do you agree with this statement? Briefly explain the concepts of accounting as per GAAP.
(4+6 Marks)

Q3 What are different types of Goodwill? State the treatment of Goodwill on admission of a new partner.
(10 Marks)

Q4 (A). A and B are partners sharing profit and losses in the ratio of 3:2. They admit C into the partnership for $\frac{1}{4}$ th share. In future A and B share the profits equally. You are required to calculate the new profit sharing ratio and the sacrificing ratio.

(B). A, B and C are partners sharing in the ratio of 3:2:1. C retires from the business; the value of goodwill has been agreed at Rs. 90000. At present, goodwill appearing in the books at Rs. 120000. After retirement, no goodwill is to shown. Pass necessary journal entries.
(5+5 marks)

Q5. Dash and Mishra were partners sharing profits in the ratio of 3:2 respectively. On 01st April, 2015 their balance sheet was as under:
(10 marks)

Liabilities	Amount	Assets	Amount
Creditors	60000	Furniture	16000
Dash Capital	15000	Inventory	45000
Mishra Capital	9000	Debtors	21000
		Cash	1200

The firm was dissolved on the above date. The assets realized only Rs. 48000. Expenses came to Rs. 1500. Dash could pay only Rs. 3000. Mishra had no surplus. Close the books of the firms by giving ledger accounts.

Section B

(20 marks)

Q6. The following is the balance sheet of the firm XYZ as on 31/12/2014. Their profit sharing ratio is 3:2:1.

Liabilities	Amount	Assets	Amount
Capital Accounts: A: 16000; B: 12000; C: 10000	38000	Fixed Assets	40000
Current Accounts: A: 4000; B: 3000; C: 1000	8000	Debtors	32000
Reserves	18000	Joint Life Policy	6000
Profit and Loss A/c: Opening Balance 6000 Profit for the period 14000	20000	Stock	24000
Creditors	20000	Bank	9000
Bank Overdraft	10000	Cash	3000

B died on 31/March/2015. His account has to be settled and paid. For the year 2015, proportionate profit of 2014 is to be taken into account. For 2014, a bad debt of Rs. 2000 adjusted. Goodwill has to be calculated 3 times of the four years average profits. A policy is taken on the joint life of partners for Rs. 35000 and the premium of Rs. 2000 has to be paid on February 1, every year. The profits for 2013 is Rs. 16000, 2012 Rs. 20000 and 2011 Rs. 12000. Goodwill a/c need not be kept in the accounts. Calculate amount payable to B's heirs. Show necessary Ledger accounts of all partners and other detailed calculations.

OR

Roy of Kolkata sends 100 sewing machines on consignment to Roshan Lal at Jaipur. The cost of each machine is Rs. 1300 but the invoice price is at the rate of Rs. 1600 each. Roy spends Rs. 4000 on packing and dispatch. Roshan Lal receives the consignment and immediately accepts Roy's draft for Rs. 80000. Roshan Lal informs Roy that 80 machines have been sold at Rs. 1750 each. Expenses paid by Roshan Lal are: freight Rs. 6000, godown rent Rs. 1250 and insurance Rs. 1175. Roshan is entitled commission of 6% on sales and 1.5% as del credere commission. One customer who purchased 4 machines on credit failed to pay; another customer deducted Rs. 525 because of defective parts in machines brought by him. Give journal entries in the books of Roy. Also prepare important ledger accounts in the books of Roy.