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Total No. of Pages : 03

Total No. of Questions : 07

B.Com. (Professional) (Sem.-2nd)

ADVANCED ACCOUNTING

Subject Code : BCOP-201 (2011 Batch)

Paper ID : [B1117]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B contains SIX questions carrying TEN marks each and students has to attempt any FOUR questions.

SECTION-A

1. Write briefly :
 - a) What do you mean by statement of Affairs?
 - b) Explain Legacy.
 - c) What is Royalty?
 - d) What do we mean by over riding commission?
 - e) Explain difference between consignment and sale.
 - f) Explain normal losses.
 - g) What do you mean by past adjustment?
 - h) Explain sacrifice ratio.
 - i) What do we mean by realization account?
 - j) Define insolvency.

SECTION B

2. What is Receipt and Payment account? How it is different from income and expenditure account? What are the steps required for converting receipt and payment into income and expenditure account?

3. Write the various entries that are passed in the books of landlord in case of royalty.
4. What are the entries that are passed in the case separate set of books in joint venture?
5. Below is the balance sheet of Krishan and Sudama who shares profits and losses in the ratio of 3:2 as on 31-12-2011.

Balance sheet

Liabilities	Amount	Assets	Amount
Sundry creditors	15,000	Plant and Machinery	30,000
Bills payable	2,750	Patents	5,000
General reserve	20,250	Furniture	21,000
Capital :		Stock	26,000
Krishna 60,000		Sundry Debtors	15,000
Sudama 40,000	1,00,000	Cash	6,000
		Goodwill	10,000
		Building	25,000
	1,38,000		1,38,000

On the date of the Balance Sheet, Balram is admitted as partner with 1/4th share in profits upon the following conditions:

- (a) He is to contribute proportionate capital.
- (b) Goodwill is to be valued at 2 years purchase of 4 years average profits which were Rs. 10,000, Rs. 9000, Rs. 8,000 and Rs. 13,000 respectively.
- (c) Plant and Machinery to be written down to Rs. 25,000 and patents written up to Rs. 9,000. A provision of 5% on debtors is required. A liability of Rs.500 included in sundry creditors is not likely to arise. Prepare ledger accounts on Balram's admission and give the Balance Sheet after admission.

6. A, B and C are sharing profit in 3:2:1 agreed to dissolve their partnership firm on 31st Dec 2011 on which date their balance sheet was as under:

Balance sheet

Liabilities	Amount	Assets	Amount
Capital		Machinery	40,500
A 40,000		Stock	7,550
B <u>20,000</u>	60,000	Investment	20,830
Mrs. A's loan	10,000	Life Policy	14,000
Creditors	18,500	Debtor 9,300	
Life Policy Fund	14,000	Provision for b. debts <u>600</u>	8,700
Investment fluctuation		Current a/c of C	11,500
Fund	6,000	Cash at bank	5,420
	<u>1,08,500</u>		<u>1,08,500</u>

The life policy is surrendered for Rs. 12,000. The investments are taken over by A at Rs. 17,500. A agreed to discharge his wife's loan. B takes over all the stock at Rs. 7,000 and debtors amounting to Rs. 5,000 at Rs. 4,000. Machinery is sold for Rs. 55,000. The remaining debtors realize 50% of their book value. The expenses on realization amount to Rs. 600. It is found that an investment not recorded in the books is worth Rs. 3,000. The same is taken over by creditors at this value.

Prepare realization account, bank account and partners capital accounts.

7. Rs. 45,000 worth of goods was invoiced by Alka of Ambala to Ashok of Ludhiana at 20% profit on invoice price. The invoice price is covered up to 50% by advance from Ashok. Ashok is entitled to a commission @ 7.5% on Sales. Eighty percent of the goods were sold for Rs. 57,000 but Rs. 300 proved bad. Expenses of consignor were Rs. 3,000 and consigned Rs. 1500 (including Rs. 600 for selling expenses). Prepare necessary accounts in the books of Alka.