

Roll No.

Total No. of Pages : 04

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B.Com.(P) (2011 & Onward) (Sem.-2)

ADVANCED ACCOUNTING

Subject Code : BCOP-201

Paper ID : [B1117]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS 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 have to attempt any FOUR questions.

SECTION-A**1. Write briefly :**

1. Differentiate between Single Entry System and Double Entry System.
2. What are called Insolvency Accounts?
3. How you will deal with the following items while preparing the Income & Expenditure Account for the year ended December 31, 2014?

An Extract of Receipts and Payments Account

Receipts	Rs.	Payment	Rs.
To Subscription			
2011-- 250			
2012-- 1000			
2013-- 200	1,450		

Information :

The club has 50 members, each paying annual subscription of Rs. 25. Subscriptions outstanding on December 31, 2012 were Rs. 300.

4. Explain about the Over-riding Commission with an example.
5. Find out the amount payable to landlord in the following cases :
 - a. Minimum Rent- Rs. 40,000; Royalty- Rs. 52,000; Short working recouped Rs. 5,000.
 - b. Minimum Rent- Rs. 50,000 and Royalty Rs. 38,000.

6. Draw the format for Fixed Capital Method under Partnership Accounts.
7. What is Hidden Goodwill?
8. X and Y started business on April 1, 2013 with capitals of Rs. 5,00,000 and Rs. 3,00,000 respectively. On May 1, 2013, X introduced an additional capital of Rs. 1,00,000 and Y withdrew Rs. 50,000 from his capital. On October 1, 2013, X withdrew Rs. 2,00,000 from his capital and Y introduced Rs. 2,50,000. Interest on capital is allowed @ 6% p.a. Calculate interest on capital for the year ending 31-03-2014.
9. How to calculate outgoing partner's share in the profits?
10. X and Y are partners sharing profits and losses in the ratio of 7:3. X surrenders $\frac{1}{7}$ th of his share and Y surrenders $\frac{1}{3}$ rd of his share in favour of Z, a new partner. Calculate the new profit sharing ratio and the sacrificing ratio.

SECTION-B

2. The Receipts and Payments account of Trustwell Club prepared on 31st March, 2014 is as follows :

Receipts and Payments Account

Receipts	Rs.	Payments	Rs.
To Balances b/d	450	By Expenses (including payment for sports material Rs. 2,700)	6,300
To income from subscriptions	4,590	By loss on sale of furniture (cost price Rs. 450)	180
Add: Outstanding of last year	180		
Less : Prepaid of last year	90		
To other fees	1,800		
To Donation for building	90,000	By Balance c/d	90,450
Total	96,930	Total	96,930

Additional Information :

Trustwell club had balance as on 1.04.2013 : Furniture Rs. 1,800; Investment at 5% Rs. 27,000; Sports Material Rs. 6,660; Balance as on 31.03.2013 for subscriptions : Subscriptions receivable Rs. 270; Subscription received in advance Rs. 90; Stock of sports material Rs. 1,800.

Do you agree with above Receipts and Payments account? If not, prepare correct Receipts and Payments account and Income and Expenditure account for the year ended 31st March, 2013 and Balance Sheet on that date.

3. Attempt the following :
- What is Memorandum Joint Venture?
 - A consigned to B 1,000 kgs of certain goods at Rs. 200 per kg incurring Rs. 5,000 as expenses. 100 kg were lost in transit. B spent Rs. 1,000 as non-recurring expenses and Rs. 3,000 as recurring expenses. B sold 600 kg of the goods. 5 kg goods were lost due to breakage at B's godown which was considered to be normal. Calculate the amount of abnormal loss and value of stock on consignment.
4. Describe Royalty Accounts. What is the procedure for recoupment of short workings? Provide the accounting treatment regarding royalty transactions in the books of Landlord.
5. A and B are partners sharing profits and losses in the ratio of 3:2. At the end of the year, i.e., on 31st March, 2006, (After division of the year's profits), they decided to take their manager C into partnership with effect from 1st April, 2003. As manager, C was getting annual salary of Rs. 45,000. He had also advanced Rs. 3,00,000 to the firm by way of a loan on which he is getting interest @ 10% per annum. During the three financial years, firm's profits after adjusting salary to C, interest on loan and interest on the financial capital of the partners were :

31 st March, 2004	Profits	Rs. 4,00,000
31 st March, 2005	Losses	Rs. 2,00,000
31 st March, 2006	Profits	Rs. 6,00,000

As per the new agreement, C is to be given annual salary of Rs. 35,000 and 1/5 share in the profits of the firm. C's loan shall be treated as his capital from the beginning and similar to the partners, his capital will carry interest @ 6% per annum.

6. Dowell & Company is a partnership firm with partners A, B and C, sharing profits and losses in the ratio of 10:6:4. The balance Sheet of the firm as on 31st March, 2012 is as under :

Liabilities	Amount	Assets	Amount
A's Capital	90,000	Goodwill	20,000
B's Capital	26,000	Land	10,000
C's Capital	34,000	Buildings	2,00,000
Contingency Reserves	5,000	Plant and Machinery	1,30,000
Workmen Compensation Reserve	15,000	Furniture	43,000
Investment Fluctuation Reserve	5,000	Investments (Market value Rs. 15,000)	12,000
Employee's Provident Fund	10,000	Stocks	1,30,000
Long-term debt	3,00,000	Debtors	1,39,000
Bank Overdraft	44,000	Advertisement Expenditure	5,000
Trade Creditors	1,60,000		
Total	6,89,000	Total	6,89,000

It was mutually agreed that B will retire from partnership and in his place D will be admitted as a partner with effect from 1st April, 2012. For this purpose, the following adjustments are to be made :

- Goodwill is to be valued at Rs. 1,00,000 but the same will not appear as an asset in the books of the reconstituted firm.
 - Buildings and Plant and Machinery are to be depreciated by 5% and 20% respectively. Investments are to be taken over by the retiring partner at market value. Provision of 20% is to be made on debtors to cover doubtful debts.
 - In the reconstituted firm, the total capital will be Rs. 2,00,000 which will be contributed by A,C and D in their new profit sharing ratio, which is 2:2:1.
 - The surplus funds, if any, will be used for repaying the Bank Overdraft.
 - The amount due to his retiring partner shall be transferred to his loan account. You are required to prepare necessary accounts in this regard.
7. Explain in detail about various modes of dissolution of a partnership firm under section 40 to 44 of the Indian Partnership Act 1932.