Government Degree College, Nandikotkur

Department of Commerce

Sub : Advanced Accounting

Programme : B.Com, II Year - 3 Semester

Course : B.Com (CA)

UNIT -I : Accounting for Non-Profit Organization

Short Answer Questions [4Marks Questions]

1. Characteristics of non-profit Organizations.
2. Receipts and payment Account
3. Income and Expenditure Account.

Essay Answer Questions [10 Marks Questions]

1. Distinguish between Receipts and payments Account and Income and Expenditure Account.
2. What are the provisions of section 8 of Companies Act 2013 relating to non-trading organization
3. Explain the following :

   (i) Legacy (ii) Capital Fund

   (iii)Deferred Revenue Expenditure (iv) Donations (V) Subscriptions

4. 'x' Sports club gives you following. Receipts and payments account for the year ended 31-12-2022

Receipts	Rs	Payments	Rs
Cash in Hand	150	Ground man fees	1500
Cash at Bank	2100	Mowing machine	1100
Subscriptions	5800	Rent	500
Tournament Fund	1500	Salaries	3600
Life membership fee	2000	Tournament expenses	900
Entrance fee	200	Office Expenses	2400
Donation for Pavilion	3000	Sports Equipment purchased	1200
Sale of grass	100	cash in hand	350
		cash at bank	3300
	14850		14850

Subscriptions due to 3-12-2021 and 31-12-2022 were Rs. 900 and Rs.800 respectively. Subscriptions received also include subscriptions for 2023 Rs.200. Sports equipment on 31-12-2022 was Rs. 1100.

The value of Equipment on hand on 31-12-2022 was Rs.1300. The Mowing machine was purchased on 1st July 2022 and is to be depreciated @20% P.A. office expenses include Rs.300 for 2021 and Rs. 400 for still due for payment. Tournament receipts and expenses are to be separated from general income and expenses.

5. Receipts and payments account of Hyderabad club for the year ended 31-12-2022

Dr.	**Receipts and Payments Account**		**Cr.**
Receipts	**Rs**	**Payments**	**Rs**
To Balance b/d		By Rent	6000
Cash	5000	By Salaries	22000
Bank	18000	By Canteen Expenses	9000
To Subscriptions	24000	By Periodicals	4750
To Donations	4000	By Postage	1500
To Sales of old news Papers	8000	By Ground Expenses	2250
To Entrance fee	9800	By Balance c/d	
To Canteen Collections	10000	Cash	4500
To Legacies	11200	Bank	40000

With the additional information given below prepare income and expenditure account For the year ended 31st December 2022.

Particulars	**01-01-2022**	**31-12-2022**
a) Subscriptions Receivable	2000	4000
b) Subscriptions received in Advance	1000	2000
c) Furniture	18000	16000
d) Buildings	20000	19000

UNIT-II: Single Entry system

Short Answer Question [4 Marks Questions]

1. What is Statement of affairs ?
2. Distinguish between Statement of Affairs and Balance sheet
3. From the following find the profit earned

	Rs.
Capital as an 31-12-2022	90,000
Capital as an 01-01-2022	80,000
Capital introduced in 2022	5,000
Drawings is 2022	8,000

4. Calculate the missing figure

	Rs.
Capital at the end	20,400
Capital introduced	5,000
Drawings	3,000
Loss	2,000
Capital at the beginning	?

Essay Answer Questions [10 Marks Questions]

1. What is single entry system? Explain its features
2. What are the differences between Single entry system and Double entry systems
3. A trader has not kept proper books of account. The following balances are placed before you are requested to prepare statement of profit and Loss for the year ended 31st march 2022 and a statement of affairs as at that date.

	01-04-2021	31-03-2022
Cash in Hand	5350	5400
Bank Overdraft	45000	40000
Stock in Trade	59350	62200
Sundry Creditors	38600	37200
Sundry Debtors	30200	29800
Bills Receivable	42400	40800
Land And Buildings	53000	53000
Furniture and Fittings	4600	4600
Bills Payable	62000	58000

Drawings during the year amounted to Rs. 6000. Depreciation is to be calculated on land and Buildings at 2% and Furniture and fittings at 10%. Provide for Doubtful Debts at 2 1/2%.

4. A trader keeps his books by the single entry method. His position on 31st Dec 2021 was as following

Particulars	**Rs**
Cash at Bank	9000
Stock	60000
Debtors	90000
Machinery	150000
Creditors	69000

His position on 31st Dec 2022 was as follows :

Particulars	Rs
Cash at Bank	12000
Stock	75000
Debtors	135000
Machinery	135000
Creditors	75000

During the year the trader introduced Rs.30000 as further capital in the business and withdrew Rs.900 per month. From the above you are required to ascertain the profit or loss made by the trader for the year ended 31-12-2022.

5. Ramlal Keeps his books under single entry system.

Particulars	01-01-2020	31-12-2020
Bank Overdraft	10000	12000
Furniture	20000	20000
Land And Buildings	70000	70000
Investments	-	10000
Sundry Debtors	20000	30000
Sundry Creditors	30000	40000
Stock	45000	50000
Motor Car (1-7-2020)	-	20000
Cash	10000	20000
Plant and Machinery	40000	40000

During the year he withdraw Rs.10000 for personal use. On 1-7-2020 he introduced further capital of Rs.20000 by selling his private house.

Adjustments :-

a) Appreciate Land and Buildings by 20%
b) Debtors include Rs.1000 from a customer who is insolvent and is irrecoverable.
c) Maintain RDD at 5% on Debtors.
d) Depreciate plant and machinery at 10%, Furniture at 5% and motor car at 10%

Prepare a statement showing profit or loss for the year 2020 and a revised statement of affairs as on that date.

UNIT-III : Hire Purchase System

Short Answer Questions [4 marks Questions]

1. What is Hire purchase system? Explain its Features
2. Default and Repossession?
3. Hire Vendor ?
4. On 1-1-16, XYZ Ltd. Took delivery of a machine from ABC Ltd. On hire purchase system. Rs1500 being paid on delivery and the balance in 5 equal instalments of Rs.3000each, payable annually on 31st December. The cost price of the machine was Rs.1500.Show how interest is calculated.

5. On 1-1-2020 B &Co and sons purchased a machine on hire purchase system, Rs. 6000 payable on delivery and three annual instalment Rs.6400 , Rs.8,900 and Rs. 8,800. The Vendor A & Co change interest @ 10% p.a. Calculate cash price of the machine

Essay Answer Question [10 Marks Questions]

1. Give the of Buyer specimen entries in the books of buyer and vendor in the in the Hire Purchase System.
2. Write about Calculation of interest
3. Chandra Purchases a car from Tirumala Motors on Hire Purchase System. The total cash price of the car Rs.1,59,800. Payable Rs.40,000 down and three installments of the Rs. 60,000 ; Rs.50,000 ; Rs. 20,000 payable at the end of first, second and third year respectively. Interest is charged at 5% per annum. Depreciation is to be charged at 10% per annum on diminishing balance method. Show necessary accounts in the books of Chandra.
4. On 1st January 2019 Viswas purchased a machine on hire Purchase system. The cash price of the machine was 38000 of which Rs.20000 to be paid immediately as down payment and the balance to be paid in three equal annual instalments of Rs. 6000 each plus 5% interest per annum. The machine is to be depreciated by 10% p.a on reducing balances method. Prepare ledger accounts in the books of Viswas.
5. Anitha purchased a car for Rs.560000 on 1-1-2018 under hire purchase system, payment to be made Rs. 150000 down and three installments of Rs. 150000 each at the end of each year. Anitha depreciated car at 20% p.a on written down value method.
   Due to financial difficulties Anitha could not pay any installment after the first installment and the selling company took possession of the car.
   Prepare necessary ledger accounts in the books of Anitha

Unit -IV: PARTNERSHIP ACCOUNTS - I

Short Answer Questions [4 marks Questions]

1. Partnership deed
2. Define Partnership. Explain its features
3. Profit and Loss Appropriation Account
4. Revaluation Account
5. A ,B and C partners sharing profits and losses equally. They agreed to admit D as new partner by giving 1/4th share in the future profit. Calculate new profit sharing ratio and sacrificing ratio.

Essay Answer Questions [10 Marks Questions]

1. Define Goodwill ? Write its accounting procedure
2. Explain the fixed and fluctuating capital methods of maintaining capital accounts
3. The balance sheet of A and B as on 31-12-2021 is as follows. They share profits and losses in the ratio of 13:7

Liabilities	Rs	Assets	Rs
A's Capital	40000	Buildings	40000
B's Capital	20000	Furniture	4000
Bills payable	4000	Stock	6000
Creditors	6000	Debtors	5000
	-	Cash	2000
	-	Plant and Machinery	13000
	70000		70000

They agreed to admit C into the firm on the following terms.

a) C is given 1/5th share and he has to bring Rs.10000 as capital.
b) Goodwill of the firm is valued at Rs.20000
c) Provide 2% on Debtors for Bad Debts.
d) The value of stock is reduced by 10%
e) Buildings are appreciated by 20%
f) Plant and machinery revalued at Rs. 12500.

Prepare necessary ledger accounts and new firm Balance Sheet.

4. P,Q and R share their profits in the Ratio of 6/14, 5/14 and 3/14. Their balance sheet as on 31-12-2020 was as follows.

Liabilities	Rs	Assets	Rs
Creditors	9000	Land and Buildings	24000
Bills Payable	3000	Furniture	3500
Capital	-	Stock	14000
P	19000	Debtors	12600
Q	16000	Cash	900
R	8000		
	55000		55000

S For 1/8 share in the profits he brings Capital Rs. 7000 and Rs. 4200/- as Goodwill.

1) Depreciate Furniture by 12% and Stock by 10%.
2) Create 5% Reserve for doubtful Debts on Debtors.
3) Increase Land, Building to Rs.31000
4) Old partners share profits in the old ratio only. Adjust P,Q,R Capital Accounts based on S capital, through cash account. Show the profit and Loss Adjustment account and Balance Sheet

5. X,Y and Z are carrying on a business sharing the profit equally. Their balance sheet as on 31-3-2022 as follows

Liabilities	Rs	Assets	Rs
Creditors	80000	Bank	30000
Capital	-	Stock	50000
X	100000	Debtors	60000
Y	80000	Plant and Machinery	100000
Z	60000	Land and Buildings	80000
	320000		320000

Z retired on 1-4-2022 on following terms.

The value of goodwill was agreed as Rs.81,000. The value of land and building had increased to Rs.110000. Plant and Machinery was revalued at Rs. 88000 and it was also agreed to provide 5% on Debtors. Show necessary ledger accounts and the balance sheet of the firm after retirement of Z.

Unit -V: PARTNERSHIP ACCOUNTS - II

Short Answer Questions [4 marks Questions]

1. Insolvency of a partner ?
2. Realisaton Account?
3. Difference between Realization Account and Revaluation Account ?

Essay Answer Questions [10 Marks Questions]

1. What are the entries in the case of dissolution of a partnership firm ?
2. Explain Garner vs Murray case ?
3. X,Y,and Z are partners sharing Profits and Losses in the Ratio of 4:3:2 Following is the Balance Sheet of the firm as on 31st march 2022.

Liabilities	Rs	Assets	Rs
Partner's Capital	-	Fixed Assets	500000
X	400000	Stock in Trade	300000
Y	300000	Sundry Debtors	500000
Z	200000	cash in Hand	10000
General Reserve	90000		
Sundry Creditors	320000		
	1310000		1310000

Partners of the firm decided to dissolve the firm on me the above -said date. Fixed assets realized Rs.520000 and book debts Rs.84000, Stocks were valued at Rs.250000 and it was taken over by partner Y. Creditors allowed discount of 5% and the expenses of realization amounted to Rs.6000.

You are required to prepare

a) Realization Account

b) Partner's capital Account

c) Cash Account

4. Rama and Krishna were in Partnership. Their balance sheet as on 31st December 2022 showed the following statement of affairs

Liabilities	Rs	Assets	Rs
Creditors	10000	Cash	3000
Rama -Capital a/c	7000	Debtors	9400
Current a/c	600	Stock	4600
Krishna Capital	5500	Furniture	100
		Property	4000
		Krishna Current	2000
	23100		23100

The Partners shared profits and losses in the ratio of 9:7. It was Decided to dissolve the partnership as on the date of the balance sheet. Property realized Rs 3000, Bad debts and discounts amounted to Rs.1000. Stock realized Rs.5000.Furniture was taken over by Krishna as Mutually agreed price of Rs.50. Creditors allowed a discount of Rs.210. show the ledger accounts or Dissolve the firm.

5. P,S and M were partners sharing profits in the ratio of 3 : 2 : 1. Their Balance sheet as on 31-12-2022 was as follows when they decided to dissolve.

Liabilities	Rs	Assets	Rs
Sundry Creditors	13000	Bank	10000
Loan from P	75000	Debtors	60000
P's Capital	100000	Less :RBD	5000
S's Capital	50000	Stock	90000
M's Capital	10000	Plant	150000
Reserve	60000	P&L Account	120000
	425000		425000

The assets realized: Sundry Debtors Rs.45000 Plant Rs.100000 Stock was taken over by P at Rs.60000, Sundry Creditors were paid off at Rs. 95000 in full settlement and Realization expenses were Rs. 5000.M was insolvent and could contribute only Rs.2500.Prepare necessary accounts as per Garner Vs Murray decision.