

**3 MJ 40105/3 MJ 50105**

B.Com. (Com) DEGREE EXAMINATION, NOVEMBER/DECEMBER 2024.

THIRD SEMESTER

ADVANCED ACCOUNTING

Time : Three hours

Maximum : 75 marks

(No additional sheet will be supplied)

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SECTION A — (5 × 5 = 25 marks)

Answer any FIVE of the following questions.

Each answer carries 5 marks.

1. Discuss the accounting treatment for donations received by non-profit organizations.
2. What are the key differences between capital and revenue expenditure?
3. Explain the concept of depreciation and the methods used to calculate it.
4. What is a Partnership Deed, and what are its essential elements?
5. Describe the process of preparing a Trial Balance and its purpose.
6. Explain how profit-sharing ratios are calculated when a partner retires.
7. What is the difference between a Receipts and Payments Account and an Income and Expenditure Account?
8. Discuss the treatment of bad debts and provision for doubtful debts in accounting.
9. Explain the treatment of interest on drawings and interest on capital in partnership accounts.
10. Describe the accounting treatment for loss of goods due to fire or natural calamity.

SECTION B — (5 × 10 = 50 marks)

Answer ALL of the following questions.

11. Explain the preparation of an Income and Expenditure Account and Balance Sheet for non-profit organizations using the following data:
  - (a) Subscriptions received: ₹ 150,000 (₹ 20,000 related to the previous year and ₹ 10,000 for the next year)
  - (b) Donations: ₹ 50,000 (to be capitalized)
  - (c) Expenses: Salaries ₹ 80,000, Rent ₹ 20,000, Printing ₹ 5,000, and Repairs ₹ 15,000.
  - (d) Depreciation on equipment: ₹ 10,000.

Or

12. Prepare the Receipts and Payments Account and Income and Expenditure Account for a school with the following transactions:
- (a) Opening cash balance: ₹25,000.
  - (b) Subscriptions received during the year: ₹2,00,000.
  - (c) Tuition fees: ₹3,00,000.
  - (d) Donations for building fund: ₹1,00,000.
  - (e) Expenses incurred: Rent ₹50,000, Teacher salaries ₹1,80,000, Library expenses ₹15,000. and Miscellaneous ₹10,000.
  - (f) Closing cash balance : ₹50,000.
13. Explain the adjustments required during the conversion of a single entry system to a double entry system.

Or

14. Mr. Ramesh operates a small business and maintains his accounts on a single entry basis. The following balances are available:
- (a) Opening: Cash ₹30,000, Debtors ₹1,00,000, Creditors ₹70,000, Stock ₹60,000.
  - (b) Closing: Cash ₹20,000, Debtors ₹1,50,000, Creditors ₹90,000, Stock ₹80,000.
  - (c) Withdrawals for personal use during the year: ₹50,000.
  - (d) Additional capital introduced: ₹20,000.
  - (e) Sales (credit): ₹4,00,000; Purchases (credit): ₹2,50,000.
  - (f) Outstanding expenses: ₹8,000. Prepare a Statement of Profit or Loss for the year ended March 31, 2024.
15. Discuss the accounting treatment for goods repossessed under the hire purchase system and illustrate with journal entries.

Or

16. M/s XYZ Ltd. purchased a vehicle on hire purchase on April 1, 2023. The cash price was ₹5,00,000. The terms included a down payment of ₹1,50,000 and three annual installments of ₹1,50,000 each, with an interest rate of 8% per annum. Prepare the Interest Calculation and the Journal Entries for M/s XYZ Ltd. for the first installment.
17. Describe the accounting procedure for the admission of a new partner when revaluing assets and liabilities.

Or

18. A, B, and C are partners sharing profits in the ratio of 2:2:1. The balance sheet as of March 31, 2024, is:
- (a) Liabilities: Capital — A ₹200,000, B ₹1,50,000, C ₹1,00,000; Creditors ₹80,000.
  - (b) Assets: Cash ₹30,000, Debtors ₹70,000, Stock ₹80,000, Land ₹2,50,000. D is admitted as a partner with a  $\frac{1}{4}$ th share for ₹1,00,000 as capital and ₹50,000 as goodwill. Revaluations include:
    - (c) Increase in land by ₹20,000.
    - (d) Stock to be reduced by ₹10,000. Prepare the Revaluation Account, Partners' Capital Accounts, and the Balance Sheet after D's admission.

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19. Discuss the steps involved in the dissolution of a partnership and the necessary accounting treatments.

Or

20. X, Y, and Z share profits in a ratio of 5:3:2. On March 31, 2024, their balance sheet shows:
- (a) Liabilities: X ₹ 2,50,000, Y ₹ 2,00,000, Z ₹ 1,50,000; Creditors ₹ 50,000.
  - (b) Assets: Cash ₹ 20,000, Debtors ₹ 90,000, Inventory ₹ 1,00,000, Machinery ₹ 3,00,000. On April 1, 2024, Z retires, and adjustments are made:
  - (c) Goodwill is valued at ₹ 60,000.
  - (d) Inventory is undervalued by ₹ 10,000.
  - (e) Create a provision for doubtful debts at 5% on debtors. Z is paid ₹ 1,00,000 in cash, and the balance is transferred to his loan account. Prepare the Revaluation Account, Capital Accounts, and the Balance Sheet after Z's retirement.
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