



SE - 201



II Semester B.Com. Examination, June/July 2025
(SEP)
COMMERCE
COM 2.1 : Advanced Financial Accounting

Time : 3 Hours

Max. Marks : 80

Instruction : Answer should be written completely either in English or Kannada.

SECTION – A

1. Answer **any seven** sub-questions, **each** sub-question carries 2 marks. (7x2=14)

- What is Joint Venture Account ?
- Write the meaning of Limited Liability Partnership firm (LLP).
- Name any two types of Joint Ventures.
- What is meant by Independent Branch ?
- Mention the methods of Departmental Accounting.
- What is Average Currency Rate ?
- State any two demerits of Limited Liability Partnership firm (LLP).
- What is an Invoice Price ?
- What is Foreign Branch ?
- What is meant by "inter-departmental transfer" in departmental accounting ?

SECTION – B

Answer **any three** questions, **each** question carries 8 marks.

(3x8=24)

2. Explain the steps for converting of Partnership into Limited Liability Partnership firm (LLP).

3. Pesco company operates two departments : Department X and Department Y. The total expenses incurred by the company during May 2025 are as follows :

Total Expenses :

- Salaries : ₹ 60,000
- Rent : ₹ 18,000
- Wages : ₹ 35,000

P.T.O.

- Office Supplies : ₹ 8,000
- Advertising : ₹ 14,000
- Utilities : ₹ 6,000
- Depreciation : ₹ 5,000
- Repairs and Maintenance : ₹ 3,000

Adjustments for basis of allocation :

- Salary allocation : The number of employees is 100, 150 in the Dept. X and Dept. Y respectively in the ratio of 2 : 3.
- Rent allocation : Both the departments X and Y occupied the area 500 sq. ft. each (Equally divided).
- Wage allocation : The labor hours worked by each department X and Y is 500 hours and 200 hours respectively in the ratio of 5 : 2.
- Advertising, Office Supplies and Utilities Expenses are equally divided between X and Y.
- Depreciation allocated in the ratio of 2 : 3 between Dept. X and Y respectively.

Allocate the expenses among Department X and Department Y in a vertical format and summarize the totals for each department.

4. Mahindra Tech Ltd., Mumbai has a branch in Toronto, Canada. The branch is an integral foreign operation of Mahindra Tech Ltd. The following are the trial balance items of the Toronto Branch as on 31st March 2025, which is presented in CAD (Canadian Dollars).

Particulars	(CAD)
Opening stock	25,000
Purchases	60,000
Advertising expense	18,000
Sales	1,00,000
Equipment	50,000
Short-term loan	30,000

Exchange Rates : Historical Rate (for Equipment), ₹ 60/CAD,
Closing Rate : ₹ 61/CAD and Average Rate : ₹ 60.50/CAD.

Prepare converted trial balance of Toronto Branch as on 31st March 2025.



5. Chandana Ltd. has two departments, A and B, and the following information is provided for the year ending 31st March 2025.

Particulars	Dept. A (₹)	Dept. B (₹)
Opening stock	15,000	10,000
Purchases	50,000	40,000
Sales	90,000	70,000
Closing stock	18,000	14,000
Carriage inwards	2,000	1,500

Prepare a departmental trading account in a vertical format for the year ending 31st March 2025.

6. Prashanthi Ltd. with its Head Office in Mumbai has a Branch at Bangalore. You are given the following particulars relating to Bangalore Branch for the year ended 31-3-2025.

Opening stock at Branch on 1.4.2024	₹ 32,600
Petty cash at Branch on 1.4.2024	₹ 110
Goods sent to Branch	₹ 45,600
Goods returned by the Branch	₹ 3,900
Cash sales at Branch	₹ 71,900

Cash sent to Branch for expenses :

• Salaries	₹ 12,800
• Rent	₹ 3,000
• Petty cash	₹ 2,600

Closing stock at Branch on 31-3-2025	₹ 37,100
Petty cash at Branch on 31-3-2025	₹ 90

Prepare Bangalore Branch Account in the books of Mumbai H.O.



SECTION – C

Answer any three questions, each question carries 14 marks. **(3x14=42)**

7. Lakshmi Ltd. has two departments, Department A and Department B, with the following details for the year ending 31st March 2025 :

Trial Balance as on 31st March 2025

Particulars		Debit (₹)	Credit (₹)
Opening Stock :	Department A	50,000	—
	Department B	40,000	—
Purchases :	Department A	1,80,000	—
	Department B	1,20,000	—
Sales :	Department A	—	4,00,000
	Department B	—	2,26,000
Wages :	Department A	18,000	—
	Department B	12,000	—
Salaries		36,000	—
Rent		18,000	—
Advertising expense		12,000	—
Closing Stock :	Department A	70,000	—
	Department B	50,000	—
Miscellaneous Expenses		20,000	—
Total		6,26,000	6,26,000

Additional Information:

- a) Salaries and Miscellaneous Expenses are divided equally.
- b) Rent is allocated based on the area (3 : 2 ratio).
- c) Advertising expense is divided equally.

Prepare Departmental Trading and Profit and Loss Account in vertical format for the year ending 31st March 2025.

8. Arjun and Bhima entered into a Joint venture sharing profit and losses in the ratio of 3 : 2. Arjun contributed ₹ 60,000 and Bhima contributed ₹ 80,000. The amount contributed by them was deposited into Joint Bank Account. They bought goods for cash ₹ 1,00,000 and from Arjun ₹ 40,000. They paid for carriage ₹ 7,000 and godown rent ₹ 2,000, insurance ₹ 3,000 and other expenses ₹ 4,000. All the goods were sold for ₹ 1,80,000.

Prepare :

- 1) Joint Venture Account,
- 2) Co-ventures Account and
- 3) Joint Bank Account.



9. Pramod LLP provides the following Trial Balance as of March 31, 2025 :

Particulars	Debit (₹)	Credit (₹)
Cash	50,000	—
Accounts Receivable	1,35,000	—
Inventory	1,00,000	—
Equipment	3,00,000	—
Accounts Payable	—	1,50,000
Loan from Partner X	—	1,00,000
Partners' Capital : X = 1,00,000 and Y = 1,00,000	—	2,00,000
Sales Revenue	—	4,00,000
Interest Received	—	1,00,000
Purchases	2,50,000	—
Salaries Expense	80,000	—
Rent Expense	30,000	—
Prepaid Rent	5,000	—
Total	9,50,000	9,50,000

Additional Information :

- Closing inventory is ₹ 1,20,000.
- Depreciation on equipment is 10%.
- Prepaid rent of ₹ 5,000 is included in the rent expense.
- Salaries accrued for the last month, ₹ 10,000, are yet to be paid.
- Partner X and Y share profits equally.

Prepare the Statement of Profit and Loss for the year ended 31st March 2025 and Statement of Financial Position as at 31st March 2025.

10. Harsha Ltd., Bangarpete invoiced goods to its KGF Branch at cost plus 25%. The branch is allowed to effect both the cash and credit sales. Branch expenses are paid directly from Head Office and all the cash received being remitted to Head Office Account by the branch regularly. The following are the transactions for the year ending 31-3-2025.

Particulars	Amount (₹)
Goods sent to branch at invoice price :	40,000
Returns to Head Office at invoice price :	800
Stock at branch on 1-4-2024 :	8,000
Credit sales for the year :	30,000



Cash sales for the year :	18,700
Debtors on 1-4-2024 :	5,200
Cash received on ledger accounts :	28,500
Discount allowed to customers :	300
Bad debts written off :	500
Returns from customers :	700
Rent and rates :	600
Salaries and wages :	1,200
Sundry expenses :	300
Stock at branch on 31-3-2025 :	6,000
Prepare KGF Branch Account, Branch Debtors Account for the year ended 31st March 2025.	

11. M/S Chidambaram Enterprises, based in Chennai (India), has a foreign branch in Sydney, Australia. The Sydney branch is classified as an integral foreign operation. The following are the trial balance details of the Sydney branch for the financial year ending 31st March 2025 :

Trial Balance of Sydney Branch (in AUD)

Particulars	Debit (AUD)	Credit (AUD)
Opening stock	50,000	—
Purchases	1,50,000	—
Wages and Salaries	60,000	—
Rent	30,000	—
Administrative Expenses	20,000	—
Sales	—	3,90,000
Furniture (at Cost)	40,000	—
Remittance to HO	30,000	—
Cash at Bank	10,000	—
Total	3,90,000	3,90,000

Additional Information :

- Exchange Rates: Historical Rate (for Furniture) : ₹ 52/AUD, Closing Rate : ₹ 54/AUD and Average Rate : ₹ 53/AUD.
- Closing Stock in Sydney branch on 31st March 2025 is 30,000 AUD.
- Depreciation on furniture is charged at 10% (apply the historical rate)

Prepare Trading and Profit and Loss Account of Foreign Branch for the year ended 31st March 2025.