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**(FOR THE CANDIDATES ADMITTED DURING THE
ACADEMIC YEAR 2022 ONLY)**

22 UCF 203

REG.NO:

N.G.M.COLLEGE (AUTONOMOUS): POLLACHI

END-OF-SEMESTER EXAMINATIONS: MAY 2023

B. Com - Finance

MAXIMUM MARKS: 50

II SEMESTER

TIME: 3 HOURS

PART - III

FINANCIAL ACCOUNTING II

SECTION – A **(10 X 1 = 10 MARKS)**

ANSWER THE FOLLOWING QUESTIONS (K1)

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

6. Compare fixed Capital and fluctuating Capital. (K2)

7. P, Q and R are sharing profits in the ratio of 2:2:1, R retires and his share was taken up by P and Q in the ratio of 3:2 Calculate the gaining ratio of P and Q. (K2)

(CONT'D...2)

(2) (22UCF203)

8. Translate the objective of preparing realization account on the dissolution of a firm. (K2)
9. Interpret Insolvency. (K2)
10. State the advantages of departmental accounting. (K2)

SECTION – B (5 X 3 = 15 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS

11. a) A is a partner in a firm. For the year ending 31.12.2022, a' drawing were:- (K3)

Particulars	Rs
February 1	1,500
May 1	5,500
June 30	1,500
October 31	6,500
December 31	2,000

Interest on drawing is charged @ 12% p.a. Calculate interest on drawing of A

(OR)

- b) Show how the following items will appear in the capital accounts of the partners, Banu and Gokila, when their capitals are fluctuating: (K3)

Particulars	Banu Rs	Gokila Rs
Capital on 1.1.2017	8,00,000	7,00,000
Drawings during 2017	1,60,000	1,40,000
Interest at 5% on drawings	4,000	2,000
Share of profits for 2017	84,000	66,000
Interest on capital at 6%	48,000	42,000
Salary	72,000	NIL

12. a) Calculate the amount of goodwill in the following case: (K3)

Three years purchase of the last four years average profits is agreed as the goodwill value.

The profits and losses for the last four years are:

Year	Amount (Rs.)
I	5,000
II	8,000
III	3,000 (loss)
IV	6,000

(OR)

(CONTD...3)

(3) (22UCF203)

b) H, M and N are partners sharing profits and losses in the ratio of 4:3:2. M retires and the goodwill is valued at Rs.36,000. H and N decided to share the future profits and losses in the ratio of 5:3. Pass Journal entry for goodwill. (K3)

13. a) Ram, Shyam and Mohan are partners sharing profits and losses as to 2:2:1. Their balance sheet as on 30.6.2021 as follows: (K3)

Liabilities	Rs.	Rs.	Assets		Rs.
Creditors		4,000	Cash		5,000
Capitals: Ram	10,000		Sundry debtors		4,000
Shyam	4,000		Stock		5,000
Mohan	2,000	16,000	Fixtures		2,000
Reserve fund		5,000	Plant and Machinery		9,000
Total		25,000	Total		25,000

They decided to dissolve the business. The following are the amounts realized: plant and Machinery Rs 8,500: Fixtures Rs 1,500: Stock Rs 7,000: and Sundry debtors Rs 3,700.

Creditors allowed a discount of 2% and Ram agreed to bear all realization expenses. For this service, Ram is paid Rs 120. Actual expenses amounted to Rs 900 which was withdrawn by him from the firm. There was an unrecorded asset of Rs 500 which was taken over by Shyam at Rs 400. Prepare realization account (OR)

b) Explain the modes of dissolution of firm. (K3)

14. a) Discuss Piecemeal distribution (K3)
(OR)

b) Describe Limited Liability Partnership (K3)

15. a) The Bata shoe company opened a branch at Delhi in 2018. From the following particulars, prepare Delhi branch account for the year 2018. (K3)

Particulars	Rs.
Goods sent to branch	15,000
Cash sent to branch for expenses	6,000
Cash received from the branch	24,000
Stock on 31.12.2018	2,300
Petty cash in hand	40

(OR)

(CONTD...4)

(4) (22UCF203)

b) Apportion the following expenses on the basis of cost of goods sold ratio among the four departments A, B, C and D **(K3)**

Sales (Rs.) : A : 2,00,000 ; B : 1,50,000; C:1,00,000 ; D :50,000

GP ratio: 20% on sales

Expenses: Salaries Rs. 6,000; Rent and Rates Rs. 1,500; Insurance Rs. 1,300

SECTION – C (5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.

16. a) A and B are partners sharing profits in the ratio of 3:1. Their balance sheet as on 31.12.2019 is as under. **(K5)**

Liabilities	Amount Rs	Amount Rs	Assets	Amount Rs	Amount Rs
Salary due		5,000	Stock		10,000
Creditors		40,000	Prepaid Insurance		1,000
Capital			Debtors	8,000	
A	30,000		Less : Provision	500	7,500
B	20,000	50,000	Cash		18,500
			Machinery		22,000
			Buildings		30,000
			Furniture		6,000
Total		95,000			95,000

C is admitted as a new partner introducing a capital of Rs. 20,000, for his 1/4th share in future profits.

Following revaluations are made:

- i) Stock be depreciated by 5%.
- ii) Furniture be depreciated by 10%
- iii) Building be revalued at Rs. 45,000
- iv) The provision for doubtful debts should be increased to Rs. 1,000.

Prepare Revaluation A/C and Capital A/C.

(OR)

b) A firm earned net profits during the last three years is as follows: **(K4)**

Year	Profit (Rs.)
I year	36,000
II year	40,000
III year	44,000

(CONTD...5)

(5) (22UCF203)

The Capital investment of the firm is Rs.1,20,000. A fair return on the capital having regard to the risk involved is 10%. Calculate the value of goodwill on the basis of 3 years purchase of super profits.

17. a) A, B and C are partners in a firm sharing profits and losses in the ratio of 1/3:1/2:1/6 respectively. On 31.03.2016 their balance sheet of the firm stood as follows: **(K5)**

Liabilities	Rs.	Assets	Rs.
Reserve Fund	16,000	Building	50,000
Loan Payable	15,000	Machinery	40,000
Sundry Creditors	25,000	Furniture	10,000
		Stock	25,000
Capital:		Debtors 18,000	
A	30,000	Less: Provision 500	17,500
B	40,000	Cash	8,500
C	25,000		
	1,51,000		1,51,000

‘C’ retires on 31.03.2016 subject to the following conditions:

- (A) Goodwill of the firm is valued at Rs 24,000
- (B) Machinery to be depreciated by 10%
- (C) Furniture to be depreciated by 5%
- (D) Stock to be appreciated by 15% and buildings to be appreciated by 10%
- (E) Reserve for doubtful debts to be raised to Rs 2,000

Prepare revaluation account and capital account.

(OR)

b) Journalize the following transactions in case of retirement of a partner and also calculate the net result of revaluation: **(K4)**

- i. Sale of scraps worth Rs.6,000
- ii. Sale of unrecorded equipment's for Rs.14,000
- iii. Payment of unrecorded liability amounted to Rs.22,000
- iv. Unclaimed liability amounts to Rs.7,000
- v. Book value of debtors is Rs.40, 800. Out of this amount, Rs.800 proves to be bad. Provision for bad debts is to be created at 5% and provision for discounts is to be maintained @ 2%.

(CONTD...6)

(6) (22UCF203)

18. a) Kin, Min, and Tin are partners sharing profits and losses equally. Their Balance sheet as on 31.3.2011 is **(K5)**

Liabilities	Rs	Assets	Rs
Creditors	47,000	Cash	36,000
General Reserve	30,000	Debtors -84,000 Less: Provision for Doubtful debts 6000	78,000
Capital A/c			
Kin-82,000		Stock	19,000
Min-82,000		Fixture	42,000
Tin-90,000	2,54,000	Furniture	56,000
		Machinery	1,00,000
Total	3,31,000	Total	3,31,000

Tin died on 1st April 2011 and the following agreement was to be put into effect :

- Goodwill was valued at Rs 60,000 and Tin was to be credited with his share.
- Assets were revalued - Machinery to Rs 1,17,000, Furniture to Rs 46,000, Stock to Rs 15,000
- Rs 21,000 was to be paid away to the Tin's executors on 1st April 2011. Prepare Revaluation Account, and Capital Account

(OR)

b) P, Q and R share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$. On the date of dissolution their balance sheet was as follows: **(K5)**

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry assets	40,000
P's capital	10,000		
Q's capital	10,000		
R's capital	6,000		
Total	40,000	Total	40,000

The assets realized Rs.35,500. Creditors were paid in full. Realization expenses amounted to Rs.1,500. Close the books of the firm.

19. a) Red, White and Blue are in a partnership. The following is their Balance sheet as at 31.12.2015 on which date, they dissolved partnership. They share profits in the ratio 5:3:2 **(K5)**

Liabilities	Rs.	Assets	Rs.
Capitals:			
Red	50,000	Premises	40,000
White	15,000	Plant	30,000
Blue	45,000	Stock	30,000
Creditors	40,000	Debtors	60,000
Red's loan	10,000		
Total	1,60,000	Total	1,60,000

(CONTD...7)

(7) (22UCF203)

It was agreed to repay the amounts due to the partners as and when the assets were realized, viz.,

	Rs.
1.2.2016	30,000
1.4.2016	73,000
1.6.2016	47,000

Prepare a statement showing how the distribution to the partners should be made.

(OR)

b) Discuss the objectives and approaches of inflation accounting. **(K5)**

20. a) Arun agencies opened a branch in vellore on 1st January 2000. Goods were invoiced at selling price which was at cost plus 25%. From the following particulars relating to the year 2000, you are required to prepare different accounts under the stock and debtors system. **(K5)**

Particulars	Rs
Goods sent to branch	30,000
Cash sales	10,000
Credit sales	14,000
Goods returned by customers	3,00
Cash received from customers	8,000
Discount allowed	100
Cash remitted to branch for	
Rent & Rates	150
Salaries	600
Sundry expenses	100
Defective goods written off	100
Goods returned by branch	1,200
Stock at the end	5,000

(OR)

b) From the following particulars, prepare the departmental trading and Profit and loss a/c for the year ending 31.12.2017 **(K5)**

Particulars	Dept X Rs	Dept Y Rs
Stock 1-1-2017	9,000	8,400
Sales	42,000	36,000
Direct expenses	5,490	8,520
Purchases	27,000	21,600
Postage	360	360
Stock 31-12-2017	10,800	4,800

Indirect expenses for the entire business was Rs 3,900 which are to be divided in the proportion of sales of the two departments

ETHICAL PAPER