

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2023 ONLY)

SUB CODE **23UCF203**

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : MAY AND 2024

**B.COM FINANCE
SEMESTER II**

**MAXIMUM MARKS: 75
TIME : 3 HOURS**

PART - III

FINANCIAL ACCOUNTING-II

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1. The premium paid by the New Partners is shared by the Old Partners _____
[a] In the sacrificing ratio [b] In the gaining ratio [c] In the capital ratio [d] New Ratio
2. Profit or loss on revaluation at the time of retirement must be transferred to the partners in
[a] Capital ratio [b] Old profit sharing ratio [c] Gaining ratio [d] New Profit sharing Ratio
3. The firm is dissolved if it deals write _____
[a] Unlawful business [b] Lawful business
[c] Lawful in the beginning but subsequently becomes illegal [d] None of the above
4. A firm is unable to pay its debts when _____
[a] A partner is insolvent [b] A partner has debit balance
[c] The firm is insolvent [d] None of the above
5. The branches not keeping full system of accounting are called _____
[a] Independent branches [b] Dependent branches [c] Foreign branches [d] Inland branches

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Sacrificing ratio?
7. What do you mean by Gaining Ratio?
8. Write a short note on: Executors account.
9. What are the methods adopted in piecemeal distribution?
10. What is Inter-departmental transfer?

SECTION – B

(5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) A and B are partners in a firm sharing profits in the ratio of 3:2 . They surrender $\frac{1}{2}$ of their respective shares in favour of new partner 'C'. C is to bring his share of premium for goodwill in cash. The goodwill of the firm is estimated at Rs.40,000. Pass the necessary journal entries for recording the goodwill in the above case.

(OR)

- b) Explain the various methods of Valuation of Goodwik.

12. a) A, D and G are partners sharing profits and losses in the ratio of 4:3:1 respectively. D retires, selling his shares of profit to A and G for Rs.16,200, Rs.7,200 being paid by A and Rs.9,000 being paid by G. The profit of the firm after D's retirement is Rs.21,000. Distribute the above profits between A and G showing how you arrive at the same.

(OR)

b) X, Y & Z are partners share profits in the ratio of 1:2:3. Z retires and his capital, after making adjustments for reserves and profits on revaluation. Stands at Rs.44,000. X and Y agreed to pay him Rs.50,000 in full settlement of his claims. Give journal entry for goodwill if the New Profit Sharing Ratio in decided at 1:3.

13. a) A, B, C, D and E were partners in a firm sharing profits and losses in the ratio of 5:4:3:2:1 respectively. Unfortunately, D and E met with an accident in which both of them died. The goodwill of the firm was valued at Rs.75,000 and A, B and C decided to share the future profits and losses in the ratio of 4:6:5 respectively. Give the journal entry to record the above relating to goodwill.

(OR)

b) X, Y and Z sharing profits in the proportion of 3:2:1 decided to dissolve partnership on 31.12.2021. Their balance sheet on that date was as under:

Liabilities	Rs	Assets	Rs
Capitals:		Lease hold premises	12,500
X	30,000	Goodwill	20,000
Y	10,000	Machinery	30,520
Z	10,000	Stock	7,550
Bank loan	11,500	Investments	6,330
Lease hold redemption fund	6,000	Join life policy	12,000
Life policy fund	12,000	Sundry debtors	5,800
Sundry creditors	16,200	Less: Reserve	<u>500</u>
		Cash at bank	1,500
	95,700		95,700

The join life policy is surrendered for Rs.10,000. The investments are taken over by Y for Rs.8,000. X agreed to discharge the bank loan. The remaining assets are sold for Rs.86,700. The expenses of realisation amount to Rs 850. Show the necessary ledger Accounts including the accounts of the partners.

14. a) The following is the balance sheet of X, Y and Z on 31.3.2021.

Liabilities	Rs.	Assets	Rs.
Capital A/c's		Furniture	40,000
X	50,000	Plant & Machinery	20,000
Y	30,000	Stock	40,000
General Reserve	30,000	Sundry debtors	20,000
Sundry Creditors	40,000	Cash at Bank	12,000
		Z's capital	18,000
	<u>1,50,000</u>		<u>1,50,000</u>

Z is insolvent but his estate pays Rs.4,000. It is decided to dissolve the partnership.

The assets realised as follows: Sundry Debtors Rs.15,000, Furniture Rs.28,000, Stock Rs.32,000, Plant & Machinery Rs.14,000. The dissolution expenses amounted to Rs.5,000. Give accounts to close the books of the firm if the capitals are fluctuating.

(OR)

b) How does inflation accounting work?

15. a) From the following details, prepare departmental trading accounts.

Particulars	Department A Rs.	Department B Rs.
Opening Stock	9,000	8,400
Total Purchases	27,000	21,600
Total Sales	42,000	36,000
Closing Stock	10,800	4,800
Credit Purchases	17,000	10,600
Credit Sales	5,000	6,000

(OR)

- b) From the following particulars relating to Hyderabad branch for the year ended 31.12.90. Prepare Branch a/c in the head office books.

	Rs	Rs
Stock at the Branch on 1.1.90		15,000
Debtors at the Branch on 1.1.90		30,000
Petty cash at the Branch on 1.1.90		300
Goods sent to Branch during 1990		2,52,000
Cash sales 1990		60,000
Received from Debtors 1990		2,10,000
Credit Sales during 1990		2,28,000
Cheques sent to branch during 1990		
For Salaries	9,000	
For Rent & Rates	1,500	
For Petty cash	1,100	11,600
Stock at the branch on 31.12.90		25,000
Petty cash 31.12.90		200
Goods returned by the branch		2,000
Debtors on 31.12.90		48,000

SECTION – C (5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K4/K5)

16. a) A & B are partners sharing profits in the ratio of 3:1. Their balance sheet stood as under on 31.3.2021

Liabilities	Rs.	Assets	Rs.
Salary due	5,000	Stock	10,000
Creditors	40,000	Prepaid Insurance	1,000
Capitals:		Debtors	8,000
A	30,000	Less: Provision	<u>500</u>
B	20,000	Cash	18,500
		Machinery	22,000
		Buildings	30,000
		Furniture	6,000
	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 revaluation are made:

- Stock to be depreciated by 5%
- Furniture to be depreciated by 10 %
- Building to be revalued at Rs. 45,000
- The provision for doubtful debts should be increased to Rs. 1,000. Pass Journal Entries, Prepare Revaluation A/c and Balance Sheet after admission.

(OR)

b) B and C are the partners in the firm. They share profit and loss in the ratio of 3: 2. Their Balance sheet as on 31.3.2021 was as follows:

Liabilities	Rs.	Assets	Rs.
Capitals:		Cash at Bank	60,000
B	1,50,000	Debtors	1,00,000
C	75,000	Less: PBDD	<u>10,000</u>
Creditors	75,000	Stock	25,000
Bills Payable	40,000	Prepaid Expenses	5,000
Outstanding rent	10,000	Plant & Machinery	1,70,000
	<u>3,50,000</u>		<u>3,50,000</u>

Admitted D as a new Partner on 1st April 2021 on the following terms:

- D will bring in Rs. 1,00,000 as capital on the necessary amount for goodwill.
- The new ratio will be 5:3:2
- The amount of goodwill is to be based on D's share in profits and capital contributed by her.
- Stock to be depreciated by 10%
- The provision for Doubtful debts is to be only Rs.2,500
- Plant & Machinery are to be depreciated by 5%

Prepare Revaluation A/c, Capital A/c and Balance sheet of new firm.

17. a) X, Y and Z are partners in a firm and share profit and losses equally; their balance sheet as on 31.12.2021 is given below:

Liabilities	Rs.	Assets	Rs.
Capitals:		Machinery	43,500
Ravi	15,000	Furniture	1,500
Devan	12,000	Debtors	30,000
Ravi	18,000	Stock	15,000
Reserves	4,500		
Creditors	40,500		
	<u>90,000</u>		<u>90,000</u>

Ravi retired on 31.12.2021 and assets were revalued as under:

Machinery Rs.51,000, Furniture Rs.1,200, Debtors Rs.28,500, Stock Rs.14,700 Goodwill of the firm is valued at Rs.9,000 and Ravi share of goodwill is to be adjusted to continuing partner's capital account. Prepare necessary ledger accounts and new balance sheet.

(OR)

b) X, Y, & Z were equal partners. Their Balance Sheet as on 31.12.12 was as follows:

Partners' Capital			Land & Freehold Property	1,00,000
X	1,00,000		Plant & Machinery	2,00,000
Y	1,00,000		Furniture & Equipment	50,000
Z	<u>2,00,000</u>	4,00,000	Stock in-trade	1,00,000
Partner's Current A/c :			Sundry Debtors	1,00,000
X	50,000		Balance with Bankers	1,50,000
Y	75,000			
Z	<u>25,000</u>	1,50,000		
Sundry Creditors		1,50,000		
		<u>7,00,000</u>		<u>7,00,000</u>

On 1.1.13 X retired and it was agreed that he should be paid all his dues in full on that date. For this purpose, goodwill was to be calculated on the basis of 3 years purchase of past 3 years profits which amounted to Rs. 1,00,000, Rs. 1,40,000 and Rs.1,20,000 respectively.

In order to meet his obligation, a bank loan was arranged on 1.1.13 for Rs. 2,00,000

pledging the fixed assets as security. Further, to compensate a loyal manager Q. it was agreed between Y and Z that Q should be admitted as a partner, who should bring in over and above a capital of 1,00,000 his share of Goodwill in cash to serve as working capital. Y and Z agreed to forego 1/3rd of their individual share of profits to Q. Prepare the opening Balance Sheet of the firm as on 1.1.13.

18. a) Kin, Min & Tin are partners sharing Profit and Losses equally. Their balance sheet as on 31.3.2021 is

Liabilities	Rs.	Assets	Rs.
Sundry creditors	47,000	Cash in hand	36,000
General Reserve	30,000	Debtors 84000	
Capital a/c :		Less: PBDD 6000	78,000
Kin	82,000	Stock	19,000
Min	82,000	Fixture	42,000
Tin	90,000	Furniture	56,000
		Machinery	1,00,000
	3,31,000		3,31,000

Tin died on the 1st April 2021 and the following agreement was to be put into effect:

- (a) Goodwill was valued at Rs.60000 and Tin was to be credited with his share.
 (b) Assets were realized Machinery Rs. 1,17,000; Furniture Rs. 46,000; Stock Rs.15,000
 (c) Rs. 21,000 was to be paid away to the Tin's executors on 1st April 2021

Pass Journal entries and prepare revaluation A/c, Capital A/c and Balance sheet of new firm.

(OR)

- b) P & G are equal partners. They decide to dissolve the partnership on 31.12.2021 when their balance sheet stood follows:

Liabilities	Rs.	Assets	Rs.
Capitals		Machinery	19,200
P	48,000	Buildings	60,000
G	48,000	Stock	6,960
Creditors	2,400	Debtors	5,760
		Bank	6,480
	98,400		98,400

(i) P to take over the business and pay Rs.12,000 for goodwill which had not been previously valued. He is also to take over the buildings and stock at book value and machinery at Rs.18,000.

(ii) During the period upto 31.5.2022, P collects Rs.4,800 from the firm's debtors and pays the liabilities, getting Rs. 240 as cash discount.

(iii) P also pays dissolution expenses amounting to Rs.480

Prepare the Realisation A/c, Partners capital A/c, and Bank A/c assuming the settlement was made on 31.5.2022.

19. a) The following is the Balance sheet of Arun, Babu, Cheran and David on 31.12.2021. They shared profits and losses in the ratio of 4:3:2:1

Liabilities	Rs	Assets	Rs.
Capitals:		Fixed Assets	20,000
Arun	15,000	Current Assets	6,000
Babu	10,000	Goodwill	5,000
Cheran	1,500	David's Capital	500
Sundry Creditors	5,000		
	31,500		31,500

David has no separate assets and liabilities. The partners decided to dissolve the business. Fixed assets realized Rs.15,000 and current assets realized Rs.5,000. The goodwill is valueless. Realisation expenses amount to Rs.1,500. Cheran can contribute only Rs.250 from

his separate resources. Prepare necessary accounts according to Garner vs. Murray assuming the both Cheran and David have become insolvent.

(OR)

b) The following is the balance sheet of X, Y and Z as at 30.12.94

Liabilities	Rs.	Assets	Rs.
Capitals		Plant & Machinery	50,000
X	75,000	Land & Buildings	1,00,000
Y	22,500	Stock	20,000
Z	67,500	Debtors	70,000
Y's loan	13,000		
Creditors	62,000		
	<u>2,40,000</u>		<u>2,40,000</u>

On the above date, they decided to dissolve the firm and to repay the amounts due to partners as and when the assets were realized,

I Realisation -45,000 II Realisation - 1,09,500 III Realisation - 70,500

Prepare the statement showing how the distribution should be made.

20. a) The following purchases were made by a business house having three departments.

Dept. A	-	1,000 units	} at a total cost of Rs. 1,00,000
Dept. B	-	2,000 units	
Dept. C	-	2,400 units	

Stocks on 1st January were:

Dept. A	-	120 units
Dept. B	-	80 units
Dept. C	-	152 units

Sales were:

Dept. A	-	1,020 units at Rs. 20 each
Dept. B	-	1,920 units at Rs. 22.50 each
Dept. C	-	2,496 units at Rs. 25 each

The rate of gross profit is same in each case. Prepare Departmental Trading Account.

(OR)

b) The following information relates to Madurai branch.

	Rs	Rs
Stock on 1.1.94		11,200
Branch debtors on 1.1.94		6,300
Goods sent to Branch		51,000
Cash sent to Branch for:		
Rent	1,500	
Salaries	3,000	
Petty Cash	500	5,000
Sales at branch		
Cash	25,000	
Credit	39,000	64,000
Cash received from Debtors		41,200
Stock on 31.12.94		13,600

Prepare Branch account for the year 1994

23UCF203

ETHICAL PAPER