

(NO. OF PAGES: 5)

(FOR THE CANDIDATES ADMITTED

SUB CODE

DURING THE ACADEMIC YEAR 2023 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : MAY 2024

B.COM P.A

MAXIMUM MARKS: 75

SEMESTER: II

TIME : 3 HOURS

PART-III

HIGHER FINANCIAL ACCOUNTING

SECTION – A

10X1=10 MARKS

ANSWER THE FOLLOWING MULTIPLE CHOICE QUESTIONS

1. Goodwill is _____

(a) a tangible asset (b) an intangible asset (c) a fictitious asset (d) a hidden assets.

2. On the death of a partner the amount of joint life policy should be credited to the capital account of _____

(a) all partners including the deceased partner in their profit –sharing ratio

(b) remaining partners in the new profit sharing ratio

(c) neither the deceased partner nor the remaining partners

(d) none of the above

3. The amount of general reserve is transferred to partners Capital Accounts in _____

(a) new profit sharing ratio (b) Capital ratio (c) old profit sharing ratio (d) all of the above

4. Branch account under debtors system is a

(a) Real a/c (b) Nominal a/c (c) Personal a/c (d) Cost a/c

5. Down payment is the payment made _____

(a) at the time of paying the first installment (b) at the time of signing the agreement (c) at the time of paying the last installment (d) at the time of repossession

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

6. What is meant by admission of a new partner?

7. Write a short note on Dissolution.

8. What is the meaning of insolvent partner?

9. What is a branch Account?

10. What is hire purchase Trading?

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

11. (a). A and B are partners in a business sharing profits in the ratio of 5:3. They decide to admit C into the firm giving him 1/6th share. Calculate the new profit sharing ratio and sacrificing ratio of the partners. (OR)

(b). A firm earned net profit during the last three years as follows:

I Year = 36,000, II Year = 40,000, III Years = 44,000

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 profit.

12. (a) A, P and R were partners in a firm R died on 28-02-2023. His share of profit from the closure of the last accounting year till the date of death of death was to be calculated on the basis of the average profit of three completed years before death. Profit 2020,2021 and 2022 were Rs.55,000, Rs.66,000 and Rs.77,000 respectively. Calculate R’s share of profit till his death and pass the necessary journal entry for the same. (OR)

(b) What journal entries would you pass for the following assuming all assets and liabilities are already transferred to realization account:

- 1) Unrecorded asset realizes Rs.5000
- 2) Unrecorded liability paid Rs.3000
- 3) A liability taken over by partner ‘X’ Rs.8,000.

13. (a) The following balance sheet relates to A,B and C as on 31.12.2023

Liabilities	Rs.	Assets	Rs.
Sundry creditors	10000	Cash at Bank	40000
Capital		C’s capital	4000
A	20000	Deficiency A/c	6000
B	20000		
	50000		50000

A,B,and C are partners but C is bankrupt and no amount is realized from his estate. Make final payments to close partner’s capital account. (OR)

(b) Briefly explain the Garner Vs Murray Rule.

14. (a) From the following particulars relating to Hyderabad branch for the year ended 31.12.2023, Prepare Branch a/c in the head office books.

Particulars	Rs	Particulars	Rs.
Stock at Branch on 2023	15000	Cheques sent to branch during 2023	
Debtors at the Branch on 1.1.2023	30000	for salaries 9,000	
Petty cash at the Branch on 1.1.23	300	for rent and rates 1,500	
Goods sent to Branch during 2023	252000	for petty cash 1,100	11,600
Cash sales in 1990	60000	Stack at the branch on 31.12.2023	25,000
Received from debtors 2023	210000	Petty cash 31.12.2023	200
Credit sales during 2023	228000	Goods returned by the branch	2000
		Debtors on 31.12.2023	48000

(OR)

(b) Loyal shoe company opened a branch at Chennai on 1.1.2023. From the following particulars, Chennai Branch account for the year 2022 and 2023.

	2022	2023
Goods set to Chennai Branch	15000	45000
Cash sent to Branch for		
Rent	1800	1800

Salary	3000	5000
Other expenses	1200	1600
Cash received from the branch	24000	60000
Stock on 31 st December	2300	5800
Petty cash in hand on 31 st December	40	30

15. (a) A purchased a machinery by the hire purchase system for Rs. 30,000 to be paid as follows:

Down payment Rs.5000, First Year installment Rs.7000, Second year Installment Rs.6500, Third year installment Rs. 6000, Fourth year installment Rs. 5500. Interest is charged on the cash value at 10% per annum. At what value should the machine be capitalized?

(OR)

(b) What are the features of hire purchase agreement.

SECTION – C

(5X8=40 MARKS)

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

16. (a) A and B are partners sharing profit in the ration of 3:1. Their Balance sheet stood as under on 31.3.2023.

Liabilities	Rs.	Assets	Rs.
Salary Due	5000	Stock	10000
Creditors	40000	Prepaid Insurance	1000
Capital:		Debtors 8,000	
A 30,000		Less: Provision 500	7500
B 20,000	50000	Cash	18500
		Machinery	22000
		Buildings	30000
		Furniture	6000
	95000		95000

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

Adjustment: 1. Stock be depreciated by 5% 2.Furniture be depreciated by 10% 3.Building be revalued at Rs.45,000 4.The Provision for doubtful debts should be increased to Rs.1,000.

Prepare Revaluation A/c , Capital A/c and Balance sheet after admission.

(OR)

(b) Shankar , Dhanu and Ragu are equal partners in a firm and their Balance sheet as on 31.12.2023 is given below:

Liabilities	Rs.	Assets	Rs.
Capital : Shankar	15000	Machinery	43,500
Dhanu	12000	Furniture.	1,500
Ragu	18000	Debtors	30,000
Reserve	4500	Stock	15,000
Creditors	40500		
	90,000		90,000

Ragu retired on 31.12.2023 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 Ragu share of goodwill is to be adjusted to continuing partners capital accounts.

Prepare Revaluation A/c , Capital A/c and Balance sheet

17.(a) Following is the Balance sheet of X,Y and Z as at 31.3.2023

Liabilities	Rs.	Assets	Rs.
Creditors	4000	Cash in hand	400
Capital A/c		Cash at Bank	10000
X	20000	Debtors	12000
Y	10000	Stock	8000
Z	10000	Plant and Machinery	12000
Reserve	6400	Goodwill	8000

Z died on 14.3.2023. Under the terms of partnership deed the executors of a deceased partner were entitled to :

- 1.Amount standing to the credit of partner's Capital A/c
- 2.Interest on Capital balance at 5% per annum
- 3.Share of goodwill on the basis of twice the average of the past three years profits and
- 4.Share of profit from the closing of the last financial year to the date of death on the basis of the average of the three completed years profit before the death.

Profit for 2020,2021 and 2022 were respectively Rs.12,000, Rs.14,000 and Rs.16,000. Profit were shared in the ratio of capitals.

Pass the necessary journal entries and draw up Z's A/c to be rendered to his executors.

(OR)

(b) P,Q and R share profit in proportion of $\frac{1}{2}$, $\frac{1}{4}$, and $\frac{1}{4}$. On the date of dissolution their Balance Sheet was as follows:

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		
	40,000		40,000

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

18. (a) P, Q and R are partners in a firm. They share profit and losses equally. Their Balance sheet on 31.12.2023 is given as under:

Liabilities	Rs.	Assets	Rs.
Capital		Machinery	40000
P	16000	Furniture	16000
R	12000	Debtors	40000
Reserve Fund	18000	Cash at Bank	8000
Creditors	64000	Q's Capital	6000
	1,10,000		1,10,000

The Partnership is dissolved due to insolvency of Q who is unable to contribute anything in the payment of his debt to the firm. Machinery realized Rs.30000 and furniture Rs.6400. Only Rs.24000 was recovered from debtors. Creditors were paid at a discount of 5%. Prepare the necessary accounts in the books of the firm when the capital are fluctuating. Apply Garner Vs Murray rule. **(OR)**

(b) Red,White and Blue are in partnership. The following is their balance sheet as at 31.12.2023 on which date, they dissolved partnership. They share profit in the ratio of 5:3:2.

Liabilities	Rs.	Assets	Rs.
Capitals:		Premises	40000
Red	50000	Plant	30000

White	15000	Stock	30000
Blue	45000	Debtors	60000
Creditors	40000		
Red's loan	10000		
	160000		160000

It was agreed to repay the amounts due to the partners as and when the assets were realized viz: 1.2.2023 = 30000 , 1.4.2023 = 73000, 1.6.2023 Prepare a statement showing how the distribution to the partners should be made.

19. (a) A Head office invoice goods to its branch at cost price. The branch is permitted to incur petty expenses and maintain petty cash balance of Rs. 1,000 on the imprest system. It is also permitted to buy furniture of the value of Rs. 2,000

Stock 1.1.2023	41,000	Cash purchase by the branch	
Debtors 1.1.2023	12,500	(with H.O Permission)	12,500
Petty cash 1.1.2023	1,000	Payment to creditors	45,000
Creditors 1.1.2023	10,000	Creditors on 31.12.2023	27,500
Rent upto 31.3.2023	250	Payment by H.O	
Goods sent to branch	75,000	Rent for 1 year (paid on 1.4.2023)	1,200
Credit sales	40,000	Salaries	6,000
Cash sales	75,000	Insurance (paid upto 31.3.2023)	750
Cash received from debtors	45,000	Payment by Branch	
Allowances	50	Furniture	2,000
Discount	100	Petty expenses	250
Bad debts	150	Stock on 31.12.2023	1,00,000

Prepare Branch a/c in the books of Head office.

(OR)

(b) The Culcutta commercial company invoiced goods to its Jamshedput Branch at cost. The Head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch.

From the following details relating were paid by the branch.

1. Branch stock a/c 2. Branch Debtors a/c 3. Branch expenses a/c 4. Branch P&L a/c

Stock (Opening)	21,000	Discount to customers	4,200
Debtors (Opening)	37,800	Bad debts	1,800
Petty cash (Opening)	600	Goods returned by customers to branch	1,500
Goods sent from H.O	78,000	Salaries and Wages	18,600
Goods returned to H.O	3,000	Rent and Rates	3,600
Cash sales	52,500	Debtors (Closing)	29,400
Advertisement	2,400	Petty Cash (closing)	300
Cash received from debtors	85,500	Credit Sales	85,200
Stock (Closing)	19,500		
Allowances to customers	600		

20. (a) Raam Purchased a van for Rs.42,000. Payment is made as Rs. 10,000 down and four instalments of Rs. 10,000 each at the end of each year. Interest is charged at 10% per annum. Buyer depreciation the van at 10% per annum on written down value method.

Raam after having paid the down payment and first instalment at the end of first year, could not pay the second instalment and the hire vendor took possession of the van. The hire vendor after spending Rs.1,280 on repairs of the van sold it for Rs.31,000

Show the ledger a/c in the books of both the parties.

(OR)

(b) Discuss about the various information required for maintenance of accounts in hire purchase system.