

(FOR THE CANDIDATES ADMITTED

23UBP203

DURING THE ACADEMIC YEAR 2023-2026 ONLY)

REG.NO.:

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

## END-OF-SEMESTER EXAMINATIONS: MAY 2024

B.COM .BPS(SF)

MAXIMUM MARKS: 75

SEMESTER: II

TIME: 3 HOURS

## PART - III

## 23UBP203 – HIGHER FINANCIAL ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. (K1)

- Partnership is formed by the partners by \_\_\_\_\_ agreement  
a) Written    b) Oral    c) Either written or oral    d) Both
- The essence of partnership is \_\_\_\_\_  
a) Earn profit    b) Not to earn profit    c) Mutual and implied agency    d) Welfare of members
- Any balance in the profit and loss account of the sale of firm will be transferred to  
a) Capital accounts    b) Revaluation accounts    c) New firms accounts    d) P&L a/c
- At the time of dissolution all the assets of firm are transferred to the realization a/c on  
a) Market value    b) Book value    c) Cost value    d) Bale value
- Under Installment payment system ownership of goals \_\_\_\_\_  
a) Is transfer at the time of agreement    b) Is transfer at the time last Installement  
c) Is not transfer    d) Non of these

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES (K2)

- What are the types of partners?
- Wrtie the formula for Gaining Ratio.
- What are the ways to dissolve a partnership?
- State the meaning of Insolvency of partnership firm.
- Mention the contents of hire purchase agreement.

SECTION – B (5 X 5 = 25 MARKS)

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

(K3)

- a) Prepare capital accounts of partners Karthik and Ashok assuming that the accounts are fluctuating:

Particulars	Karthick	Ashok
Capital on 1.1.2019	4,00,000	3,50,000
Drawings during the year	70,000	40,000
Interest on capital @ 6%	?	?
Interest on drawings	4,500	2,200
Profit share for the year	17,000	14,000
Salary	23,000	-
Commission	-	10,000

(OR)

11. b) A, B and C are partners sharing profits and losses in the ratio of 3:5:7. C retires and the share is purchased by A and B in the ratio of 3:2. Find the new ratio.

12. a) Amit, Dinesh and Gagan are partners sharing profits in the ratio of 5:3:2. Dinesh retires. Amit and Gagan decide to share the profits of the new firm in the ratio of 3:2. Calculate the gaining ratio.

**(OR)**

12. b)'A' and 'B' are partners sharing profits and losses in the ratio of 3:4. They admit C into partnership.'C' pays a premium of Rs.12000 for  $1/4^{\text{th}}$  share. They withdraw the amount of goodwill. Show Journal entries.

13. a) Aparna, Manisha and Sonia are partners sharing profits in the ratio of 3:2:1. Manisha retires, and the goodwill of the firm is valued at Rs. 1,80,000. Aparna and Sonia decided to share the future in the ratio of 3:2. Pass necessary Journal entries.

**(OR)**

13. b) The balance sheet M, V, A as on 31.12.2009 is given below

Liabilities	Rs.	Assets	Rs.
Capital M	10,000	Debtors	40,000
V	6000	Bank	2000
M's Loan	20,000	Furniture	6000
Creditors	80,000	A's Capital	20,000
	1,16,000		1,16,000

The firm is dissolved. V and A could not pay anything. M could contribute only Rs.3000 from his estate. Stock realized Rs.30,000, Debtors Rs.32,000, and Furniture Rs.2,000, Expenses amounted to Rs.6,000. Prepare accounts to close the books of the firm.

14. a) Record necessary journal entries in the following cases:

[a] Creditors worth Rs. 85,000 accepted Rs. 40,000 as cash and Investment worth Rs. 43,000, in full settlement of their claim.

[b] Creditors were Rs. 16,000. They accepted Machinery valued at Rs. ₹ 18,000 in settlement of their claim.

[c] Creditors were Rs. 90,000. They accepted Buildings valued Rs. 1, 20,000 and paid cash to the firm Rs. 30,000.

**(OR)**

14. b) What are the advantages of piecemeal distribution?

15. a) Distinguish between Hire purchase system and Installment system.

**(OR)**

15. b) On 1.1.2020 X bought some trucks under hire-purchase system for Rs. 51,000 payable by three equal installments combining principal and interest, the latter being a normal rate of 5% per annum. Calculate the cash price. (The present value of an annuity of one rupee for three years at 5% is Rs.2.72325).

## SECTION – C

(5 X 8 = 40 MARKS)

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

16. a) Anand and Bava started a partnership business on 1st January 2009 with capitals of Rs. 60,000 and Rs. 40,000 respectively. On 30th June 2009, Anand introduced further capital of 20,000. Drawings during the year amounted to Rs. 12,000 and Rs. 8,000 respectively. Interest on capital is to be allowed @ 5% p.a. No interest is to be charged on drawings, Bava is to be allowed a salary of Rs. 2,000 p.m. The profit for the year before charging salary and interest amounted to Rs. 8,000.

You are required to prepare the accounts of the partners presuming:

1) Capital to be fixed, 2) Capital to be fluctuating

(OR)

16. b) P and Q are partner sharing profits in the ratio of 7:3. New partner 'R' is admitted P surrenders  $\frac{1}{7}$ th share of his profit in favour of R and Q  $\frac{1}{3}$ th of his share in favour of R. Calculate new profit sharing ratio and sacrificing ratio.

17. a) X, Y and Z were partners sharing profits equally. Z died on 31.3.91. The Balance Sheet of the firm as at 31.12.90 was as under.

Liabilities	Rs.	Assets	Rs.
Capital a/c: X	90,000	Goodwill	40,500
Y	75,000	Building	90,000
Z	63,000	Investment(cost)	24,000
Reserve fund	18,000	Debtors	54,000
Investment Fluctuation fund	6,300	Less provision	5,400
Creditors	46,800		-----
		Stock	84,000
		Cash	12,000
	<u>2,99,100</u>		<u>2,99,100</u>

On the date of death it was found that:

1. Debtors were all good.
2. Investment was valued at Rs. 22,500 and was taken over by X at that value.
3. Stock was valued at Rs. 75,000.
4. Building was valued at Rs. 1,71,000.
5. A liability for workmen's compensation for Rs. 9,000 was to be provided for.
6. Goodwill was to be valued at 1 year's purchase of average profits of last 5 years.
7. Z's share of profit upto the date of death was to be calculated on the basis of last year's profit. The profits of the last 5 years were as under:  
1986- Rs.34,500; 1987-Rs. 37,500; 1988-Rs. 24,000; 1989-Rs. 30,000; 1990-Rs. 36,000.

Prepare Revaluation a/c, Capital a/c and Balance sheet of the remaining partners.

(OR)

17. b) Subbu and Sumathy are partners in a business sharing profit and loss in the ratio of 3:2. Their balance sheet as on 1<sup>st</sup> January 1996 was as given below:

Liabilities	Rs.	Assets	Rs.
Capital accounts:			
Subbu	20,000	Machinery	20,000
Sumathy	15,000	Debtors	15,000
Creditors	7,500	Stock	16,000
Reserve fund	<u>15,000</u>	Cash at bank	6,000
	<u>57,500</u>	Cash in hand	<u>500</u>
			<u>57,500</u>

(CONTD ....4)

Subbu retires from the business on 1.1.96 showing to illness and sumathy takes it over. The following revaluations were made:

- a) The goodwill of the firm was valued at Rs. 25,000
- b) Depreciate Machinery by 71/2 % and stock by 15%
- c) Create a provision for bad debts at 5% on debtors
- d) Create a provision for discount on creditors at 2%

Prepare partner's capital account, revaluation a/c and balance sheet of sumathy.

18. a) R,S and T are partners sharing profits in the ratio of 3:2:1 On 31.12.94 their Balance sheet was as follows:-

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Machinery	25,000
General reserve	3,000	Stock	11,000
Capital R	20,000	Debtors	9,500
S	15,000	Goodwill	13,000
W	<u>10,000</u>	Cash	<u>1,500</u>
	<u>60,000</u>		<u>60,000</u>

On the above date, the firm was dissolved. The assets except cash realized Rs. 60,000. The creditors were settled at Rs. 11,500. Expenses amounted to Rs. 800. Give the necessary ledger accounts.

**(OR)**

18. b) Himanshu, Gagan and Naman are partners sharing profits and losses in the ratio of 3:2:1. On March 31, 2017, Naman retires.

The various liabilities and assets of the firm on the date were as follows:

Cash Rs.10, 000, Building Rs. 1,00,000, Plant and Machinery Rs. 40,000, Stock Rs. 20,000, Debtors Rs. 20,000 and Investments Rs. 30,000.

The following was agreed upon between the partners on Naman's retirement:

- (i) Building to be appreciated by 20%.
- (ii) Plant and Machinery are to be depreciated by 10%.
- (iii) A provision of 5% on debtors is to be created for bad and doubtful debts.
- (iv) The stock is to be valued at ₹ 18,000 and the investment at ₹ 35,000.

Record the necessary journal entries to the above effect and prepare the Revaluation Account.

19. a) State the rules laid down in Garner VS Murray case.

**(OR)**

b) On dissolution, how you deal with partner's loan if it appears on the

(a) Assets side of the Balance Sheet (b) Liabilities side of the Balance Sheet

20. a) Mr. X purchased a machine on hire purchase system Rs.3,000 being paid on delivery and the balance in five installments of Rs. 6,000 each, payable annually on 31<sup>st</sup> December. The cash price of the machine was Rs.30,000. Calculate the amount of interest for each year.

**(OR)**

b) On 1.1.2016, X purchased machinery on hire purchase system. The payment is to be made Rs.4000 down (on signing of the contract) and Rs.4000 annually for three years. The cash price of the machinery is Rs. 14,900 and the rate of interest is 5%. Calculate the interest in each year's instalment.

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