

(FOR THE CANDIDATES ADMITTED

24UBP203

DURING THE ACADEMIC YEAR 2024 ONWARDS)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS: MAY 2025

B.COM (BPS) SF

MAXIMUM MARKS: 75

SEMESTER: II

TIME: 3 HOURS

PART - III

24UBP203 – HIGHER FINANCIAL ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

(K1)

1. In admission, of a partner undistributed profit or loss is transferred to _____.
 - a) New partners only
 - b) Old partners only
 - c) All the partners, of a partner
 - d) No effect
2. In retirement, balance sheet items like profit and loss account and general reserve must be transferred to _____.
 - a) Revaluation account
 - b) Partners capital account
 - c) Cash account
 - d) Realisation account
3. Unrecorded Liability paid at the time of dissolution is to be debited to _____.
 - a) Realisation account
 - b) Revaluation account
 - c) Liability account
 - d) Capital account
4. According to Garner vs. Murray rule, the deficiency of the insolvent partners must be borne by other solvent partners in proportion to _____.
 - a) Reserve ratio
 - b) Debt equity ratio
 - c) P& L sharing ratio
 - d) Capital ratio
5. The amount paid at the time of hire purchase agreement is known as _____.
 - a) Installment
 - b) Down payment
 - c) Cash Price
 - d) Hire purchase price

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Partnership.
7. What is Gaining ratio?
8. Indicate any two causes for dissolution.
9. Who is an insolvent partner?
10. Define Hire Purchase.

Ethical paper

(CONTD 2)

SECTION – B**(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) X and Y are partners sharing profits and losses in the ratio of 2:1. They admit Z into the firm with $\frac{1}{6}$ th share in profit. Calculate New Profit sharing ratio.

(OR)

- b) Calculate the amount of Goodwill at three year's purchase of last five years average profits. The profits were:

I Year – Rs. 9600 II Year – Rs. 14400 III Year – Rs. 20000
IV Year – Rs. 6000 V Year – Rs. 10000

12. a) A, B and C are partners sharing profits in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. C retires and his share was taken up by A and B in the ratio of 2:1. Calculate the new ratio.

(OR)

- b) Compare Gaining ratio with Sacrificing ratio.

13. a) X, Y and Z are partners sharing profits and losses in the ratio 2:1:1. Z dies on 15.3.2015. Sales from 1.1.2015 to 15.3.2015 – Rs. 60,000. Sales for 2014 – Rs. 2, 40,000; Profit for 2014 – Rs. 48,000. Calculate Z's share of profit on the basis of turnover.

(OR)

- b) P, Q and R share profits in proportion of 2:1:1. On the date of dissolution their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
Creditors	14000	Sundry Assets	40000
P's Capital	20000	Q's Capital	10000
R's Capital	16000		
	50000		50000

The assets realized Rs. 35,500. Creditors were paid in full. Realization expenses amounted to Rs. 1500. Show Realization account.

14. a) Describe and explain Garner Vs Murray Rule.

(OR)

- b) The following is the balance sheet of X, Y and Z on 31.3.2005

Liabilities	Amount	Assets	Amount
Capital a/c: X	50000	Furniture	40000
Y	30000	Plant	20000
General reserve	30000	Stock	40000
Creditors	40000	Debtors	20000

Liabilities	Amount	Assets	Amount
		Cash	12000
		Z's capital	18000
	150000		150000

Z is insolvent but his estate pays Rs. 4000. It is decided to dissolve the partnership. The Realisation loss is Rs. 36,000. Show Capital account of Insolvent partner if the capitals are fluctuating.

15. a) X purchased a machine under Hire purchase system. According to the terms of the agreement Rs. 40,000 was to be paid on signing of the contract. The balance was to be paid in 4 annual installments of Rs. 25000 each plus interest. The cash price was Rs. 140000. Interest is chargeable at 20% p.a. Interpret the interest for each year and the installment amount.

(OR)

- b) X purchased a typewriter on hire purchase system. As per terms, he is required to pay Rs. 800 down, Rs. 400 at the end of the first year, Rs. 300 at the end of the second year and Rs. 700 at the end of the third year. Interest is charged at 5% p.a.

Interpret and calculate the total cash price of the typewriter and the amount of interest payable on each installment.

SECTION – C

(5 X 8 = 40 MARKS)

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

(K4 (Or) K5)

16. a) A firm earned net profits during the last three years as follows:

I Year – Rs. 36000

II Year - Rs. 40000

III Year – Rs. 44000

The capital investment of the firm is Rs. 120000. A fair return on the capital having regard to the risk involved is 10%. Interpret the value of goodwill on the basis of 3 years purchase of super profits.

(OR)

- b) A and B are partners sharing profits in the ratio of 3:1.

B/S as on 31.12.2005

Liabilities	Amount	Assets	Amount
Capital a/c: A	30000	Stock	10000
B	20000	Prepaid Insurance	1000
Salary O/S	5000	Debtors	8000
Creditors	40000	(-) Provision	500
			7500

		Cash	18500
		Machinery	22000
		Buildings	30000
		Furniture	6000
	95000		95000

C is admitted as a new partner introducing a capital of Rs. 20000, for his $\frac{1}{4}$ th share in future profit. Following revaluations are made:

- Stock be depreciated by 5%
- Furniture be depreciated by 10%
- Buildings be revalued at Rs. 45000
- A provision for doubtful debts should be increased to Rs. 1000.

Prepare Revaluation a/c and Balance Sheet after Admission.

17. a) X, Y and Z were partners sharing profits in 2:2:1 ratio. Z retires & his share was taken up by X & Y in 3:2 ratios. Interpret new & gaining ratio.

(OR)

- b) A, B and C are partners in a firm sharing profits and losses in the ratio of $\frac{1}{3}:\frac{1}{2}:\frac{1}{6}$ respectively. Their Balance sheet as on 31-12-2009 was as follows:

Liabilities		Amount	Assets	Amount
Sundry Creditors		25000	Building	50000
Loan Payable		15000	Machinery	40000
Reserve Fund		16000	Furniture	10000
Capital	A	30000	Stock	25000
	B	40000	Debtors	18000
	C	25000	Less: Provision	500
		151000	Cash	8500
				151000

C retires on 31-12-2009 subject to the following conditions:

- A goodwill account is created in the books for Rs. 24,000.
- Machinery is to be depreciated by 10%.
- Furniture to be depreciated by 5%.
- Stock to be appreciated by 15% and buildings to be appreciated by 10%.
- Reserve for doubtful debtors to be raised to Rs. 2,000.

Prepare necessary ledger accounts and show the balance sheet of the new firm.

18. a) Discuss the modes of dissolution.

(OR)

Ethical paper

b) A, B and C are partners in a firm sharing profits and losses in the proportion of 3:3:2. Their Balance sheet on 31-12-1997 was as follows:

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Sundry Creditors	47500	Bank	55000
Capitals: A 75000		Stock	69000
B 75000		Investments	6000
C 100000	250000	Debtors	70000
Current a/c:		Land & Buildings	125000
A 15000		Goodwill	25000
B 25000			
C 12500	52500		
	-----		-----
	350000		350000

They decided to dissolve the firm on 1-1-1998. 'A' reports the result of realisation as follows: Land & Building Rs.90,000 Debtors Rs.60,000 Investments Rs. 5,500
Stock Rs.75,500 Goodwill Nil

The realisation expenses is Rs.2,000. Evaluate how the accounts of the firm are to be closed.

19. a) X, Y and Z are partners sharing profits and losses in 2:2:1 ratio.

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Capital: X	70000	Sundry assets	200000
Y	30000	Z's capital	20000
Creditors	120000		
	220000		220000

Firm is dissolved and sundry assets were realized Rs. 100000. Y and Z have become insolvent. Y's private estate can pay Rs. 6000 and that of Z Rs. 16000.

Evaluate how the books of the firm are to be closed. (OR)

- b) Red, White and Blue are in partnership. They share Profits in 5:3:2 ratio.

B/S as at 31.12.2015

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Red's Capital	50000	Premises	40000
White's Capital	15000	Plant	30000
Blue's Capital	45000	Stock	30000
Creditors	40000	Debtors	60000
Red's loan	10000		
	160000		160000

It was agreed to repay the amounts due to the partners as and when assets were realized viz:
1.2.2016 – Rs. 30000; 1.4.2016 – Rs. 73000 and 1.6.2016 – Rs. 47000.

Prepare a statement showing distribution of cash under proportionate capital method.

20. a) Mr. P purchased 4 cars for Rs. 14000 each on 1-1-2012 under the hire purchase system. The hire purchase price for all the 4 cars was Rs. 60000 to be paid as Rs. 15000 down payment and 3 equal installments of Rs. 15000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a. on Straight line method. Prepare the Journal entries and show relevant ledger accounts in the books of Mr. P.

(OR)

- b) Compare Hire Purchase system with Installment system.
