

**(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2025 ONLY)**

25UBI203

REG.NO. :

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

**END-OF-SEMESTER EXAMINATIONS : APRIL-2026**

**B.Com.-BANKING AND INSURANCE  
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)**

**MULTIPLE CHOICE QUESTIONS.**

1. New partner can be admitted only with consent of \_\_\_\_\_
  - a) All partners
  - b) any one partner
  - c) new partner
  - d) existing partner
2. New ratio- old ratio \_\_\_\_\_.
  - a) Sacrifice ratio
  - b) gaining ratio
  - c) Profit sharing ratio
  - d) Capital ratio
3. Standing charges is also known as \_\_\_\_\_.
  - a) Variable expenses
  - b) operating expenses
  - c) Fixed expenses
  - d) non-operating expenses.
4. Purchased goodwill arises when: \_\_\_\_\_.
  - a) One business buys another
  - b) a value is placed on goodwill in case of a partnership firm
  - c) partners capital account
  - d) none of the above
5. Premium paid by a new partner must be shared by the old partners in their \_\_\_\_\_.
  - a) Sacrifice ratio
  - b) gaining ratio
  - c) both
  - d) none of the these

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.**

**(K2)**

6. What is gaining ratio?
7. What is Statement of Affairs?
8. State any two types of fire insurance policies.
9. What is meant by insolvency?
10. Define partnership

**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 sharing profits in 3:2. Ratio. C is admitted for 1/5 share which he acquires equally from both A and B. Find out the new ratio of partners.

**(OR)**

- b) A firm earned net profits during the last three years as follows:

1 year	-	36,000
2 year	-	40,000
3year	-	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

**(CONTD.....2)**

12.a) .Ramu,Somu and Kamu are partners sharing profits in the ratio of 2:3:5.Goodwill appears in their books at a value of Rs.60,000.Bim retires and on the day of Bim's retirement goodwill is valued at Rs.30,000.Gim and Nim decided to share the future profits equally.Pass the necessary journal entries for goodwill.

(OR)

b) P,Q and R are partners sharing profits and losses in the ratio of 5:3:2 respectively.Q retires.Q's share of profit is taken up by P and R in their profit sharing ratio. Calculate the new ratio

13.a) . What journal entries would be passed for the following transactions on the dissolution of a firm, after various assets (other than cash) and third party liabilities have been transferred to realization A\c ?

i) Bank loan Rs.12000 is paid

ii) Stock worth Rs.6000 is taken over by partner B

iii) Expenses on dissolution amounted to Rs.1500 and were paid by the partner A

iv) A type writer completely written off in the books of account was sold for Rs.200

(OR)

b) Explain the term Dissolution and its modes.

14.a) What are preferential creditors in the following liabilities of insolvent Bhupesh according to presidency Towns Insolvency Act and provincial insolvency Act:?

	Rs.
3 Month's salary for 10 clerks	3,600
One month wages of 12 labours	1,600
Sales Tax	400
3 Months rent of landlord	600
Income tax	1,000
Wages of four servants	1,400
Salaries	1,000
Municipal tax	400
Wages	6,000

(OR)

b) Show the difference between Statement of Affairs and Balance Sheet..

15.a) Discuss the various types of fire insurance policies.

(OR)

b) Goods of Rs.80,000 of M/s Raju & Sons are insured for Rs.70,000 subject to average clause. Loss due to fire is assessed at Rs.16,000. Calculate what claim the insured will get from the insurers.

**SECTION – C****(5 X 8 = 40 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 (Or) K5)**

16.a) A and B are partners sharing profits in the ratio of 3:1. Their balance sheet as on 31.3.2004:

Liabilities	Rs	Assets	Rs
Salary due	5000	Stock	10000
Creditors	40000	Prepaid Insurance	1000
Capital A 30000		Debtors 8000	
B 20000	50000	Less: provison 500	7500
		Cash	18500
		Machinery	22000
		Buildings	30000
		Furniture	6000
	95000		95000

(CONTD.....3)

C is admitted as a new partner introducing a capital of Rs.20,000, for his  $\frac{1}{4}$  th share in future profits. Following revaluations are made:

1. Stock be depreciated by 5%
2. Furniture be depreciated by 10%
3. Building 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)

16.b) X and Y are partners sharing the result of the business in the ratio of 5:3. Z is admitted and asked to bring Rs.64,000 as goodwill and half of the combined capitals of X and Y after making necessary adjustments.

Liabilities	Rs	Assets	Rs
Creditors	8,000	Cash	6,000
Capital Accounts:		Sundry Assets	1,54,000
X           1,20,000		Profit & Loss A/c	40,000
Y           40,000	1,60,000		
Reserve Fund	32,000		
	200000		200000

Revaluation account prepared on this date showed a loss of Rs.11,200. Calculate the amount of capital to be brought by Z.

17. a) Anbu, Bhajan and Chandran were in partnership, sharing profits and losses equally. According to the partnership deed, assets were agreed to be revalued on Anbu's retirement as under: Land and Buildings Rs. 5,800; Plant & Machinery Rs. 6,564; Investment Rs. 8,400; Goodwill was then revalued at Rs.9,600.

On 1.1.2011, Anbu retired when the firm's balance sheet was as under:

Liabilities	Rs	Assets	Rs
Capital A/c:		Land & Buildings	4,200
Anbu	8,000	Plant & Machinery	6,980
Bhajan	6,800	Sundry Debtors	8,915
Chandran	7,800	Investment	8,000
Creditors	6,928	Cash	1,433
	29528		29528

Pass necessary journal entries. Prepare Revaluation A/c and Balance Sheet

(OR)

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

Liabilities	Rs	Assets	Rs
Capital Accounts:		Machinery	20,000
Malathi	20,000	Stock	16,000
Revathi	15,000	Debtors	15,000
Reserve fund	15,000	Cash at bank	6,000
Creditors	7,500	Cash in hand	500
	57500		57500

Revathi retires from the business on 1.1.96 owing to illness and Malathi take over it and following revaluations were made :

- (a) The goodwill of the firm was valued at Rs. 25,000.
- (b) Depreciate Machinery by  $7\frac{1}{2}$ % and stock by 15%.

(CONTD.....4)

(c) Create a provision for bad debts at 5 % on debtors.

(d) Create a provision for discount on creditors at 2%.

Give journal entries, partner's capital accounts, Revaluation account and balance sheet of Malathi.

18. a) The following is the balance sheet of X,Y, and Z on 31.3.94

Liabilities	Rs	Assets	Rs
<b>Capital A/c</b>		<b>Furniture</b>	<b>40000</b>
<b>X</b>	<b>50000</b>	<b>Plant &amp; machinery</b>	<b>20000</b>
<b>Y</b>	<b>30000</b>	<b>Stock</b>	<b>40000</b>
<b>General reserve</b>	<b>30000</b>	<b>Sundry debtors</b>	<b>20000</b>
<b>Sundry creditors</b>	<b>40000</b>	<b>Cash at bank</b>	<b>12000</b>
		<b>Z's capital</b>	<b>18000</b>
	<b>150000</b>		<b>150000</b>

Z is insolvent but his estate pays Rs.4000 . It is decided to dissolve the partnership.

The assets realized as follows:

Sundry debtors Rs.15000; furniture Rs.28000

Stock Rs.32000; plant & machinery Rs.14000

The dissolution expenses amounted to Rs. 5000

Give accounts to close the books of the firm if the capitals are fluctuating.

(OR)

18.b) Gopi,Murali and Guna were partners sharing in the ratio of 2:2:1 on 31-12-1995, the partnership was dissolved and balance sheet as on that date is as follows:

Liabilities	Rs	Assets	Rs
Creditors	11200	Debtors	12500
Bills payable	2000	Goodwill	1500
Bank loan	12000	Bills receivable	1250
Capitals:		Plant	21250
Gopi	6000	Furniture	1200
Murali	4000	Cash in hand	500
Guna	3000		
	<b>38200</b>		<b>38200</b>

The following amounts were realised:

Goodwill Rs.7500, 10% of debtors proved bad , bills receivable Rs.1200, Plant Rs.17750. Gopi took furniture at book value. Bills payable were paid before due date, earning a discount of Rs.100. The bank loan was paid off including interest of Rs.200. The creditors were settled for Rs.10700.Prepare the necessary ledger accounts

19.a) Find out preferential creditors according to presidency towns insolvency Act from the following information of Mr.Reckles. Insolvency petition has been filed on Jan.1.1994. his creditors are as under:

i) Salary of 4 clerks of Rs.400 per month each for the last two months

ii) Salary of another one clerk for the months of August and September 1993 @ Rs.150 p.m.

iii) Wages of a labours for 20 days of the month of Dec.1993 Rs.120

iv)Salary of manager for the month of Dec.1993 Rs.1000

v) Rent payable to landlord for Nov. and Dec.1993 @400 p.m.

vi) House taxpayable Rs.500

(CONTD.....5)

- vii) Water and electricity dues Rs.250
- viii) Amount payable to a worker under workmen's compensation Act Rs.400
- ix) Interest payable on loan taken from I.O.B Rs 1000
- x) Due for sales tax Rs.2500 and income tax Rs.3800
- xi) Private creditors Rs.2000 which includes Rs.500 for rates of his house property.

(OR)

b. Prepare a format of Statement of Affairs and Deficiency Account.

- 20.a) A fire occurred on the premises of Mr.Praveen on 30<sup>th</sup> June 1996, destroying the greater part of his stock. No stock records have been maintained . The following information was ascertained from his book which were not involved in the fire.

Accounting year	Sales	Gross profit
1993	1250000	375000
1994	800000	160000
1995	950000	95000
1996	283000	?

Value of stock on 1-1-96                      Rs.75000

Purchases from 1-1-96 to 30-6-96      Rs.260000

Value of stock salvaged                      Rs.10000

Prepare a statement showing the amount to be claimed from the insurance company.

(OR)

- b) Summarise the need and purpose of taking fire insurance.

\*\*\*\*\*

**ETHICAL PAPER**