(FOR THE CANDIDATES ADMITTED **SUBJECT CODE** **25 UCO 203**

DURING THE ACADEMIC YEAR 2025-26 ONLY) **REG.NO.**

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

END-OF-SEMESTER EXAMINATIONS : MAY– 2026

B.Com. (AIDED & S.F.) **MAXIMUM MARKS: 75**

II SEMESTER **TIME : 3 HOURS**

PART – III

FINANCIAL ACCOUNTING II

SECTION – A **(10 X 1 = 10 MARKS)**

ANSWER THE FOLLOWING QUESTIONS. **(K1)**

1. Why mainly a new partner is admitted to a firm?

   a) Reduce profits b) Increase liabilities

   c) Bring additional capital and skills d) Close the firm

2. When at the time of the gaining ratio is calculated?

   a) Admission of a partner b) Dissolution of firm

   c) Retirement or death of a partner d) Change in capital

3. Tell, through on dissolution assets are realized and liabilities are paid?

   a) Capital account b) Realisation account

   c) Revaluation account d) Cash account

4. When all partners are insolvent, who gets paid from the realized assets?

   a) Partners b) Government

   c) New partners d) Creditors only

5. What is the account is used, a separate set of books is maintained for JV?

   a) Capital Account b) Cash Account

   c) Joint Venture Account d) Profit & Loss Account

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

6. What is sacrifice ratio.
7. Indicate the gaining partners at the time of retirement.
8. Recall unrecorded assets.
9. Tell the piecemeal distribution.
10. Find the accounting standard that deals with joint ventures.

(CONTD …. 2)

ETHICAL PAPER

SECTION – B (5 X 5 = 25 MARKS)

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

11. a) A and B profits in the ratio of 3:2. C is admitted into firm. A scarifies $1/5^{th}$ share and B sacrifice his $1/4^{th}$ share to C. Calculate new ratio and sacrificing ratio.

(OR)

b) A firm earns Rs.2,00,000 as its annual profits, the rate of normal profits being 10%. The assets of the firm amount to Rs.18,00,000 and liabilities of Rs.5,75,000. Find out the value of goodwill by capitalization method.

12. a) X,Y and Z are partners sharing profit in thee 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 claim. Give journal entry for goodwill if the new profit sharing ratio is decided at 1:3.

(OR)

b) A, B and C are partners sharing profits in the ratio of 3:4:2. B retires from the firm. Goodwill of the firm was valued at Rs.27,000. A and C decided to share profits in the ratio of 5:3. Goodwill account does not appear in the books of the firm. Give journal entries to record the above transaction.

13. a) Prepare Journal entries for the following assuming all assets and liabilities are already transferred to realization account :

(i)Unrecorded assets realizes Rs.5,000

(ii) Unrecorded liability paid Rs.3,000

(iii) A liability taken over by partner ‘X’ Rs.8,000.

(OR)

b) Describe the rule in Garner Vs Murray.

14. a) X and Y are partners sharing profits in the ratio 3 : 2. Their capitals are:

X – ₹50,000

Y – ₹30,000

Both partners are insolvent. Assets realised ₹48,000 and outside creditors amounted to ₹40,000. Prepare the deficiency account.

(OR)

b) R, S and T are partners sharing profits in the ratio 6 : 3 : 1.

Their capitals after adjustments are:

- R – ₹1,20,000
- S – ₹60,000
- T – ₹20,000

The firm is dissolved and all partners are insolvent. Assets are realised in installments of ₹50,000, ₹70,000 and ₹80,000. Prepare a piecemeal distribution statement using the proportionate capital method.

(CONTD …. 3)

15. a) Examine the features of Joint Venture account.

(OR)

b) X and Y entered into a joint venture sharing profits in the ratio 3 : 2.

X supplied goods costing ₹30,000.

Y paid expenses ₹5,000 and sold goods for ₹50,000.

Pass journal entries in the books of X.

SECTION – C (5 X 8 = 40 MARKS)

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

(K4 (Or) K5)

16. a) Guru and Paramasivam are partners sharing profit and losses in the ratio of 3:2. Their balance sheet as on 31.12.2025was as follows:

Liabilities		**Rs.**	**Assets**		**Rs.**
Creditors		3,85,000	Cash		20,000
Outstanding liabilities		40,000	Stock		1,50,000
Transfer to capital accounts			Prepaid insurance		15,000
Guru account	2,90,000		Debtors	94,000	
Paramasivam	1,50,000	4,40,000	Less provisions	4,000	90,000
			Machinery		1,90,000
			Buildings		3,50,000
			Furniture		50,000
		8,65,000			**8,65,000**

Raghavan is admitted into partnership with the capital of Rs.1,60,000. Then new profit sharing ratio is 5:3:2. The following revaluation were made

i. Stock was depreciated @5%

ii. Provision for doubtful debts was calculated as Rs.5,000

iii. Furniture was deposited valued at Rs.4,00,000

iv. Building was entries and prepare revaluation account. Also prepare the balance sheet after Raghavan is admitted into the firm.

(OR)

(CONTD …. 4)

ETHICAL PAPER

b) A and B are partners sharing profits in the proportion of 3:1. On 31.12.2025, their Balance sheet stood as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	37,500	Bank	22,500
General reserve	4,000	Bills receivable	3,000
A's capital	30,000	Debtors	16,000
B's capital	16,000	Stock	20,000
		Buildings	25,000
		Furniture	1,000
	87.500		**87,500**

They admit 'C' into partnership, subject to the following terms:
That 'C' pays Rs.10,000 as capital for fifth share in future profit.
That goodwill account be raised in the books of the new firm for Rs.10,000.
Stock and furniture be reduced by 10% at 5%, reserve for doubtful debts be created on debtors.
Buildings be appreciated by 20%.

Prepare revaluation account, a Capital account and balance sheet of new firm.

17. a) A, B and C partners in a firm sharing profits and losses in the ratio of 1/3, 1/2 ,1/6 respectively. Their balance sheet as on 31.3.2025 was as follows.

Balance sheet as on 31.3.2025

Liabilities	Rs.	Assets		Rs.
Reserve fund	16,000	Buildings		50,000
Capital A	30,000	Machinery		40,000
B	40,000	Furniture		10,000
C	25,000	Stock		25,000
Loan payable	15,000	Debtors	18,000	
Sundry creditors	25,000	Less: Provision	500	17,500
		Cash		8,500
	1,51,000			**1,51,000**

'C' retires 31.3.2025 subject to the following conditions:

a) Goodwill of the firm is valued at Rs.24,000
b) Machinery to be depreciated by 10%
c) Furniture to be depreciated by 5%
d) Stock to be appreciated by 15% and buildings to be appreciated by 10%
e) Reserve for doubtful debts to be raised to Rs.2,000

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

(CONTD …. 5)

(OR)

b) A, B and C are partners sharing profits in the ratio 3 : 2 : 1**.**

B died on 30th September 2025**.**

Balance Sheet as on 31-3-2025

Liabilities	₹	Assets	₹
Creditors	30,000	Cash	20,000
General Reserve	24,000	Debtors	40,000
Capitals:		Stock	30,000
A	80,000	Furniture	60,000
B	60,000		
C	40,000		
	2,34,000		**2,34,000**

Annual profit for 2025-26 = ₹72,000.

Prepare B’s Capital Account and B’s Executor’s Account**,** calculating B’s share of profit on time basis (6 months).

18. a) P,Q and R share profits in the proportion of 1/2, ¼ and 1/4 . On the date of dissolution, the balance Sheet showed as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry assets	40,000
Capital:			
A	10,000		
B	10,000		
C	6,000		
	40,000		40,000

The assets realised Rs.34,000 which received in installments of Rs.14,000, Rs.10,000 and Rs.10,000 respectively. Show how the proceeds should be distributed as and when received.

(OR)

b) A and B are partners sharing profits and losses in the rario of 3:2. On 01.12.2025 their Balance sheet as under :

Liabilities	Rs.	Assets	Rs.
Sundry creditors	2,00,000	Stock	1,20,000
Capital:		Debtors	1,50,000
A	50,000	Furniture	6,000
B	30,000	Cash	4,000
	2,80,000		**2,80,000**

The firm was dissolved on the above date. The assets realized only Rs.1,60,000. Expenses came to Rs.5,000. A’s private estate could pay only Rs.10,000. B had no surplus. Close the books of the firm by showing the relevant ledger accounts.

(CONTD …. 6)

19. a) Examine the role and importance of a deficiency account in the case of insolvency of all partners.

(OR)

b) Red, White and Blue are partners sharing profits in 5:3:2. They dissolved the firm when their balance sheet was:

Liabilities	Rs.	Assets	Rs.
Capital: Red	50,000	Plant	30,000
White	15,000	Premises	40,000
Blue	45,000	Debtors	60,000
Red's loan	10,000	Stock	30,000
Sundry creditors	40,000		
	1,60,000		**1,60,000**

It was agreed to repay the amounts due to the partners as and then the assets were realised. 1st realisation 30000 , 2nd realisation 73000, and 3rd realisation 47000. Prepare a statement showing distribution to the partners .

20. a) Compare the Joint Venture and Partnership.

(OR)

b) Arun, Ashok and Gopal entered into a Joint Venture agreement. According to the terms of agreement , Arun is to supervise the overall working of venture and a separate set of books is kept for record keeping . Arun is entitled to charge 5% commission on sales, Ashok and Gopal contribute Rs.6,400 each. Goods are purchased from Swarup for Rs.14,400 and from Arun's own stock for Rs.4,800 .An expenditure of Rs.1,460 is incurred on account of Joint venture.

All the goods are sold away for Rs.24,400 .The accounts of ventures are settled and accounts closed .

Journalize the above transaction , and prepare the Joint venture accounts in the Joint venture books.

ETHICAL PAPER

****