(FOR THE CANDIDATES ADMITTED **25UCI204**

DURING THE ACADEMIC YEAR 2025 ONLY) **REG.NO. :**

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

END-OF-SEMESTER EXAMINATIONS: MAY 2026

BCOM IT **MAXIMUM MARKS: 75**

SEMESTER: II **TIME: 3 HOURS**

PART - III

25UCI204-FINANCIAL ACCOUNTING -II

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. (K1)

1. Goodwill is treated as:__________
   (a) Fictitious asset (b) Intangible asset
   (c) Tangible asset (d) Current asset
2. The gaining ratio is calculated on the basis of:___________
   (a) Old ratio and new ratio (b) Sacrificing ratio
   (c) Capital ratio (d) Fixed capital method
3. On the death of a partner, the firm is:__________
   (a) Always dissolved (b) Automatically reconstituted
   (c) Dissolved only if there is no agreement (d) Continued without changes
4. Garner vs Murray rule applies when:_________
   (a) A partner retires (b) A partner dies
   (c) A partner becomes insolvent (d) Firm is sold
5. In Hire Purchase, ownership of goods passes to the buyer:____________
   (a) On delivery of goods (b) On signing the agreement
   (c) On payment of last installment (d) Immediately after purchase

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

6. Define partnership.
7. What is retirement of a partner?
8. What is meant by dissolution of a firm?
9. What is meant by insolvency of a partner?
10. What is repossession of goods?

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 are Partners in a business sharing profits in the ratio of 5:3. They decide to admit C into the firm giving him $1/6^{th}$ share. Calculate the new profit-sharing ratio and sacrificing ratio of the partners.

(OR)

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

I Year-Rs-9,600 II Year- Rs-14,400 III Year -Rs-20,000 IV Year-Rs-6,000
V Year-Rs-10,000.

12. a) X, Y and Z were partners sharing profits in the ratio of 2:2:1. Z retires and his share was taken up by X and Y in the ratio of 3:2. Calculate the gaining ratio of X and Y.

(OR)

b) P, Q, R and S are partners in a firm sharing profits in the ratio of 2:1:2:1. On the retirement of R, the firm's goodwill was valued at Rs-45000. P, Q and S decided to share the future profits equally. Pass journal entry for goodwill.

13. a) A, B, C, D and E were partners in a firm sharing profits and losses in the ratio of 5:4:3:2:1 respectively. Unfortunately, D and E met with an accident in which both of them died. The goodwill of the firm was valued at Rs-75000. And A, B and C decided to share the future profits and losses in the ratio of 4:6:5 respectively. Give the journal entry to record the above relating to goodwill. **(OR)**

b) Describe the different modes of dissolution.

14. a) Explain piecemeal distribution.

(OR)

b) What are the preferential creditors in the following liabilities of insolvent Bhupesh according to presidency Towns insolvency Act and Provisional Insolvency Act?

3 month's Salary for 10 Clerks Rs-3600
One-month wages of 12 labourers Rs-1600
Sales Tax Rs-400
3 months rent of landlord Rs-600
Income tax Rs-1000
Wages of four servants Rs-1400
Salaries Rs-1000
Municipal tax Rs-400
Wages Rs-6000.

15. a) on 1-1-86, X purchase 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-14900 and the rate of interest is 5%. Calculate the interest in each year's instalment.

(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 second year and Rs-700

SECTION – C (5 X 8 = 40 MARKS)

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

16. a) On 1st January 1991, Kavitha and Sumathy entered into Partnership and contributed Rs-80,000 and Rs-60,000 respectively. They share profits and losses in the ratio of 3:2. Sumathy is to be allowed a salary of Rs-16,000 per year. Interest on capitals is to be allowed at 5% per annum. 5% interest is to be charged on drawings. During the year, Kavitha withdrew Rs-12,000 and Sumathy Rs-24,000. Interest being Kavitha Rs-280 and Sumathy Rs.200. profit in 1991 before the above noted adjustments was Rs-42,320. Show the distribution of profit between the partners and prepare capital accounts (i) when they are fluctuating and (ii) when they are fixed.

(OR)

b) The following is the Balance sheet of A and B who share profits and losses 3:2 respectively.

Liabilities	**Amount**	**Assets**	**Amount**
Capital Accounts- A	16,000	Land & building	7000
B	7000	Plant	9000
Creditors	5,000	Debtors 4400 Less: provision 400	4000
		Stock	7000
		Cash	1000
	28000		**28000**

They agreed to admit C into partnership giving him a fifth share on the following terms:

(a) The Land & Buildings to be increased by Rs-3000

(b) The value of plant to be increased by Rs-2000

(c) Goodwill to be valued at Rs-4000 and C can not bring any cash for goodwill.

(d) C to bring in Capital to the extent of 1/5th of the total capital of the new firm after adjustments.

Show the journal and ledger entries recording this adjustment and prepare the balance sheet of the firm.

17.a) A, B and C are partners in a firm sharing profits and losses in the ratio of 1/3:1/2:1/6 respectively. Their balance sheets as on 31.3.2006 was as follows.

Liabilities	**Amount**	**Assets**	**Amount**
Reserve Fund	16000	Building	50000
Capital A	30000	Machinery	40000

B	40000	Furniture	10000
C	25000	Stock	25000
Loan payable	15000	Stock 18000 Less: provision 500	17500
Sundry creditors	25000	Cash	8500
	151000		**151000**

C retires on 31.3.2006 subject to the following conditions:

(a) Goodwill of the firm is valued at Rs-24000

(b) Machinery to be depreciated by 10 %

(c) Furniture to be depreciated by 5%

(d) Stock to be appreciated by 15% and building to be appreciated by 10 %

(e) Reserve for doubtful debts to be raised to Rs-2000.

Prepare necessary ledger accounts and show the balance sheet of the new firm. **(OR)**

b) A and B are partners sharing profits and losses in their ratio of 3:2. Their balance sheet is as under:

Liabilities	**Amount**	**Assets**	**Amount**
Capital A/c -A	30000	Plant & Machinery	30000
B	22500	Stock	24000
Reserve A/c	22500	Debtors	22500
Sundry creditors	11250	Bank	9000
		Cash in hand	750
	86250		**86250**

B retires and the following revaluation were made:

(a) The goodwill of the firm is valued at Rs-37500

(b) Depreciation plant & Machinery by 7 ½ % and stock by 15%.

(c) A bad debts provision is raised against debtors at 5% and a discount reserve against creditors at 2%. Prepare profit and loss adjustment A/c, partner's capital accounts and new balance sheet as on 1st January 1997.

18. a) P, Q and R share profits in proportion of ½, ¼ and ¼. On the date of dissolution their balance sheet was as follows:

Liabilities	**Rs**	**Assets**	**Rs**
Creditors	14000	Sundry Assets	40000
P's Capital	10000		
Q's Capital	10000		
R's Capital	6000		
	40000		40000

The assets realized Rs-35,500. Creditors were paid in full. Realization expenses amounted to Rs-1500. Close the books of the firm. **(OR)**

b) X, Y and Z were partners sharing profits equally. Z died on 31.3.2011. The balance sheet of the firm as at 31.12.2010 was as under:

Liabilities	**Rs**	**Assets**	**Rs**
Capital A/c X	90000	Goodwill	40500
Y	75000	Buildings	90000
Z	63000	Investment (at Cost)	24000
Reserve fund	18000	Debtors 54000 Less: provision 5400	48600
Investment fluctuation fund	6300	Stock	84000
Creditors	46800	Cash at bank	12000
	299100		299100

On the date of death, it was found that:

1. Debtors were all good
2. Investment was valued at Rs-22500 and were taken over by X at that value.
3. Stock was valued at Rs-75000
4. Building was valued at Rs-171000
5. A liability for workmen's compensation for Rs-9000 was to be provided for.
6. Goodwill was to be valued at one year's purchase of average profits of last 5 years.
7. Z's share of profits upto the date of death was to bee calculated on the basis of last year's profits.

The profits of the last 5 years were as under:

2006- Rs-34500; 2007- Rs-37500; 2008- Rs-24000; 2009-Rs-30000; 2010-Rs-36000.

Prepare Revaluation A/c, Capital A/c and balance sheet of the remaining partners.

19. a) Explain the accounting treatment in case of insolvency of a partner applying the rule in Garner v Murray

(OR)

b) Explain the steps involved in settlement of accounts when all partners become insolvent.

20. a) K night purchased a truck for Rs-1,60,000 from S. Waugh on 1-1-93 payment to be made Rs-40,000 down and Rs-46000 at the end of first years, Rs-44000 at the end of second year and Rs-42000 at the end of third year. Interest was charged at 5%. Knight depreciates the truck at 10% per annum on written down value method.

Knight, after having paid down payment and first instalment at the end of the first year, could not pay second instalment. The seller took possession of the truck, and after spending Rs-4000 on repairs of the asset, sold it away for Rs-91500.

Give journal entries and ledger accounts in the books of both the parties.

(OR)

b) Mr. A Purchased a machine from B Ltd for Rs-5,60,000; payment to be made Rs-1,50,000 down and three instalments of Rs-150000 each at the end of each year. He depreciates the asset at 10% per annum on writ en down value method.
because of financial difficulties, Mr. A after having paid down payment and first instalment at the end of the first year, could not pay second instalment and the seller took possession of the asset.

Open ledger account in the books of both parties to record the transaction.

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