(FOR THE CANDIDATES ADMITTED

DURING THE ACADEMIC YEAR 2022 ONLY)

22UCC203

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : MAY-2023

COURSE NAME: B.Com.-C.A **MAXIMUM MARKS: 50**

SEMESTER: II **TIME : 3 HOURS**

PART - III
HIGHER FINANCIAL ACCONTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.
MULTIPLE CHOICE QUESTIONS. (K1)

1. Revaluation account is ___________.
   a) A Nominal A/C b) A Real A/C c) A personal A/C d) An impersonal A/c
2. On admission of a new partner, decrease in value of Asset is debited to __________,
   a) P & L adjustment a/c b) Balance sheet c) Trading sheet d) None of these
3. All accumulated losses are transferred to the capital accounts of the partners in ______.
   a) New profit sharing ratio b) Old profit sharing ratio
   c) Capital ratio d) Sacrificing ratio
4. The rules in Garner vs Murray are applicable to ____________.
   a) Admission of partner b) Retirement of a partner
   c) Dissolution of partnership d) Insolvency of a partner
5. Proportionate capital method is otherwise called as_____________.
   a) Relative capital method b) Maximum method c) Balance method d) None

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

6. Define partnership.
7. What is capital ratio?
8. What is sacrificing ratio ?
9. Explain goodwill in partnership.
10. Who is a retiring partners ?

SECTION – B (5 X 3 = 15 MARKS)

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

11\. a) Following is the balance sheet of Mohan & Madan on 31st December 1990,after adjustment of profit for 1990 and drawings:

		RS		RS
Capitals:			Land	16,000
Mohan	40,000		Building	72,000
Madan	48,000	88,000	Other assets	48,000
Creditors		32,000	Madan's Drawings	8,000
P&L Appropriation		1,44,000		1,44,000

During the year 1990 : 1) Profits were Rs 40,000 2) Drawings of Mohan were Rs 12,000 3) Interest is to be charged at 5% p.a. on opening capitals. Calculate interest on capitals of Mohan & Madan.

(OR)

(CONTD……2)

b) X & Y contribute Rs.80,000 and Rs.40,000 respectively by way of capital on which they agree to allow interest at 6% p.a. Their respective share profit is 2:3 and the business profit (before interest) for the year is Rs. 6,000. Show the relevant account to allocate interest on capitals.

(1) When partnership deed is silent in treating interest as a charge or appropriation.
(2)When partners contracted to allow interest irrespective of profit.

12.a) A & B are partners in a business sharing profits in the ratio of 5:3.They decide to admit C in to 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 3 years purchase of last 5 years average profits. The profits were:

1^{st} year – Rs 9,600 2^{nd} year – Rs 14,400 3^{rd} year – Rs 20,000
4^{th} year – Rs 6,000 5^{th} year – Rs 10,000.

13. a) P, Q, R & 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 45, 000.P, Q&S decided to share the future profits equally. Pass journal entry for the goodwill.

(OR)

b) M, N and O were partners in a firm sharing profits in the ratio of 3:2:1. O retired and the new profit sharing ratio between M and N was 1:2. On O's retirement the goodwill of the firm was valued at Rs.18, 000. Pass journal entry for the goodwill.

14. a) Distinguish between sacrificing ratio and gaining ratio.

(OR)

b) What is the difference between Retirement and Death of partners?

15.a) Raman, Rahman and Robin were equal partners. On 1/4/2002 Robin died**.** On that date the following arrangement were agreed:

(a) To increase the value of assets by Rs .20,000
(b) To reduce the value of stock by Rs.6,000
(c) Provision for bad debts not necessary (existing the Rs .9, 00).
(d) To create goodwill for Rs.9,000
(e) The profit of the firm from 1/1/2002 to 31/3/2002 was Rs 15,000

Give journal entries and the amount payable to the heirs of Robin and Robin's capital RS.20,000

(OR)

b) P, Q, R share profits in the ratio of 1/2, 1/4 and 1/4. On the date of dissolution their balance sheet was as follows :

Liability	Amount(Rs)	Assets	Amount (Rs)
Creditors	14,000	Sundry assets	40,000
P's capital	10,000		
Q's capital	10,000		
R's capital	6,000		
	40,000		40,000

The assets realized Rs.35, 500. Creditors were paid fully. Realization expenses amounted to Rs.1, 500. Close the books of the firm.

SECTION – C (5 X 5 = 25 MARKS)
ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.K4&K5

16. a) Show how the following items will appear in the capital accounts of the partners, Babu & Gopu when their capitals are fluctuating: **K4**

	Babu (Rs)	Gopu (Rs)
Capital on 1/1/87	8,00,000	7,00,000
Drawings during 1987	1,60,000	1,40,000
Interest at 5% on drawings	4,000	2,000
Shares of profits for 1987	84,000	66,000
Interest on capital at 6%	48,000	42,000
Salary	72,000	Nil

(OR)

b) From the following balance sheet of capital A & B, calculate interest on capital at 5% p.a. for their ending 31st December 1996. **K4**

	Rs		Rs
A's Capital	20,000	Sundry assets	42,000
B's Capital	16,000	Drawings 'A'	2,000
Profit / loss			
Appropriation a/c- 1996	8,000		
	44,000		44,000

During the year 1996 A's drawings were Rs.2, 000 and B's drawings Rs.6, 000. Profits during the year 1996 were Rs.12, 000.

17. a) A firm earned net profits during the last 3 years as follows: **K4**

1st year – Rs 36,000, 2nd year – Rs 40,000 , 3rd year – Rs 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 basic of 3 years purchase of super profits.

(OR)

b) A & B are partners sharing profits in the ratio of 3:1. Their balance sheet stood as under on 31/3/2004: **K5**

Liabilities	Rs	Rs	Assets	Rs	Rs
Salary due		5,000	Stock		10,000
Creditors		40,000	Prepaid insurance		1,000
Capital			Debtors	8,000	
A:	30,000		Less: Provision	500	7,500
B:	20,000	50,000	Cash		18,500
			Machinery		22,000
			Buildings		30,000
			Furniture		6,000
		95,000			95,000

(CONTD….4)

C is admitted as a new partner introducing a capital of Rs.20,000 For his 1/4th share in future profits.

Following revaluation are made :

(1) Stock be depreciated by 5%
(2) Furniture be depreciated by 10%
(3) Building be revalued at Rs 45,000
(4) The provision for doubtful debts should be increased to Rs 1,000.Pass journal entries, prepare revaluation A/C and balance sheet after admission

18. 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 sheet as on 31/3/2006 was as follows. **K5**

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	(-): Provision	500	17,500
			Cash		8,500
		1,51,000			1,51,000

'C' retires on 31/3/2006 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 2000

Prepare necessary ledger a/c and show the balance sheet of the new firm.

(OR)

b) Sunil, Devan and Ravi are equal partners in a firm and their balance sheet as on 31/12/1990 is given below: **K4**

Liabilities		Rs	Assets	Rs
Capital:			Machinery	43,000
	Sunil	15,000	Furniture	1,500
	Devan	12,000	Debtors	30,000
	Ravi	18,000	Stock	15,000
Reserve		4,500		
Creditors		40,500		
		90,000		90,000

Ravi retired on 31/12/90 and assets were revalued as under:

Machinery Rs 51,000. Furniture Rs.1, 200, Debtors Rs 28,500, Stock Rs 14,700. Goodwill of the firm is valued at Rs 9,000 and Ravi's share of goodwill is to be adjusted to continuing partners' capital accounts.

Give journal entries, Prepare necessary ledger accounts and new balance sheet.

(CONTD….5)

19.a) Sundar, Suresh and Sankar were 3partners sharing profits and losses in the ratio of 3:2:1 respectively. On 31/3/2000 their balance sheet stood as follows: **K4**

Liabilities	Rs	Assets		Rs
Sundry creditors	1,90,000	Cash at bank		25,000
Bills payable	50,000	Debtors	1,60,000	
General reserves	1,20,000	Less: Bad debts Reserves	5,000	1,55,000
Sunder's capital	4,00,000	Stock		2,50,000
Suresh's capital	3,00,000	Machinery		4,30,000
Sankar's capital	2,50,000	Premises		4,50,000
	13,10,000			13,10,000

Suresh retires on that date subject to the following adjustments:
(a) To raise reserve for bad debts by Rs 19,500
(b) Goodwill of the firm is to be valued at Rs 1,80,000
(c) To depreciate machinery by 10%
(d) To increase the value of stock by Rs 30,000
(e) To increase the premises value by 10%.
Their new profit sharing ratio is 3:2.Prepare revaluation account, continuing partners' Capital accounts and the balance sheet.

(OR)

b) A, B and C are in partnership sharing profits and losses in the ratio of 9:6:5. Their balance sheet stood as follows: **K4**

Liabilities	Rs	Assets	Rs
Sundry creditors	15,000	Sundry assets	80,000
Capital accounts			
A	20,000		
B	20,000		
C	15,000		
Profits and loss a/c	10,000		
	80,000		80,000

C retires and a revaluation loss of Rs 2,000 is visualized. The goodwill of the firm is Rs 20,000 and the remaining partners A & B Pay for the share of goodwill due to C so as to keep the goodwill as a secret reserve. Write up the capital amount of the outgoing partner C and transfer it to C's loan account

20.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 meet with an accident in which both of them died. The goodwill of the firm was valued at Rs 75,000 and A, B and C decides to share the future profits and losses in the ratio of 4:6:5 respectively. **K5**
Give the journal entry to record the above relating to goodwill.

(OR)

b) Describe the different modes or way in which a partnership firm may be dissolved. **K5**

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