

(FOR THE CANDIDATES ADMITTED

21UCF203

DURING THE ACADEMIC YEAR 2021 ONLY)

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS: JULY 2022

B.COM (FINANCE)

MAXIMUM MARKS: 70

SEMESTER: II

TIME: 3 HOURS

PART – III

FINANCIAL ACCOUNTING - II

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

1. Indian Partnership Act was passed in the year _____.
a)1936 b)1934 c)1935 d)1932
2. When unrecorded assets are realized at the time of dissolution cash a/c is debited and _____ is credited.
a) revaluation b) realization c) partner d) creditor
3. In case of piecemeal distribution the assets get realised in _____ manner.
a) low b) high c) surplus d) gradual
4. Book debts are shown under _____.
a) List A b) List D c) List F d) List G
5. The branch which does not maintain its own set of books is known as _____ branch.
a) general b) independent c) foreign d) dependent.

ANSWER THE FOLLOWING IN ONE OR TWO SENTENCES

6. What are the different methods of Valuation of Goodwill?
7. Describe Dissolution of Firm.
8. Mention the order of payment under piece meal distribution.
9. State under how many circumstances which a person considered as insolvent?
10. Explain any two features of dependent branches.

SECTION -B

(5 X 4 = 20 MARKS)

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

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

I Year	-	36000
II Year	-	40,000
III Year	-	44,000

The capital investment of the firm is Rs1,20,000. 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 the super profit.

(OR)

- b) Raja, Rani and Ram are partners sharing profits in the ratio of 2:3:5. Goodwill appears in their books at a value of Rs60,000. Raja retires and on the day of Raja's retirement goodwill is valued at Rs 30,000. Rani and Ram decided to share their future profit equally. Calculate gaining ratio and Raja share of Goodwill.

(CONTD....2)

12. 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 with both of them died. The good will of the firm valued at Rs 75,000 and A,B and C decided to share the future profits and losses in the ratio of 4:6:5 respectively.

(OR)

b) A,B and C are in partnership sharing profits and losses in the proportion of 4:3:2. Their balance sheet on Dec. 31 2017 stood as follows:

Liabilities	Amount	Asset	Amount
Creditors	3,500	Land and Building	5,500
Capital A	4000	Stock	2000
B	2000	Debtors	1000
C	500	Cash in Hand	1500
	10,000		10,000

They agree to dissolve partnership as from 31st Dec. 2017. A agrees to take over the stock at a valuation of Rs.1,500 and the debtors at a valuation of Rs.700. The land & building are sold at auction for Rs.2,700. Prepare necessary accounts.

13. a) Following are the balance sheet of A, B and C who share their profit and losses in ratio 2:2:1

Liabilities	Amount	Asset	Amount
Creditors	30,000	Stock	44,000
Capital A	30,000	Debtors	44,000
B	24,000	Cash in Hand	4,000
C	8,000		
	92,000		92,000

The firm was dissolved and the asset were realised gradually. Rs20,000 was received first . Rs30,000 was received next and 18,000 finally.Show how distribution of cash is made

(OR)

b) A and B were partners sharing profit and losses in the ratio of 3:2 .On 1.7.91, their Balance sheet was under

Liabilities	Amount	Asset	Amount
Creditors	2,00,000	Stock	1,20,000
Capital A	50,000	Debtors	1,50,000
B	30,000	Furniture	6,000
		Cash in Hand	4000
	2,80,000		2,80,000

The firm was dissolved on the above date. The assets were realised only for Rs. 1,60,000. Expenses comes to Rs5,000. A's private estate could pay only Rs.10,000. B had no surplus. Close the books of the firm by showing relevant ledger accounts.

14. a) Mr. Careless has been adjudged insolvent on Jan 1 2015.His creditors are as under: Trade creditors 1,00,000. Income tax 1,000, Municipal due 800, salary for 8 clerks for two months 3,000, wages of four labourers for two months 360, private creditors 8,000. Rent due to landlord for two months 2,400. Find out the amount due to unsecured creditors and preferential creditors according to presidency towns insolvency act.

(OR)

b) Sankar is insolvent. He supplies the following information.

Cash in hand - 200

Salary due to clerks - 800

Taxes owing to Government - 2,400

Creditors for goods - 60,000

(CONTD....3)

Bank loan secured by lien on stock of book value of Rs.40,000 - 20,000
 Furniture (Expected to realize Rs.4,000) - 8,000
 Stock (Expected to realize 60%) - 60,000
 Book debts – Good – 8,000 Doubtful (Expected to realize 40%) - 20,000
 Bills receivable (Rs.6,000 bad) - 10,000
 Bills discounted (Rs.4,000 bad) - 12,000
 Loan from Mrs. Sankar (from her own funds) - 20,000

Sankar started business six years ago with a capital of Rs.1,10,000. He drew Rs.20,000 each year for private purpose but did not maintain proper books of accounts. Mrs.Sankar gave up jewellery valued at Rs.8,000 to the receiver. Prepare the statement of affairs and deficiency account

15. a) There are five departments in a concern. The total indirect expenses amounted to Rs. 12000. One sixth expenses are to be divided equally to all the five departments. The remaining expenses are to be shared in the ratio of sales. Sales of various departments were as follows: Dept A Rs. 50000. Dept. B Rs.40000, Dept C Rs.30000, Dept C Rs. 20000, Dept E Rs. 60000. Show the allocation of indirect expenses.

(OR)

b) Ganesh traders, Bangalore have branch at madras to which goods are sent at cost price to be sold for cash and credit

Stock on 1.1.91	27000	Stock on 31.12.97	19260
Debtors on 1.1.91	9000	Goods sent to branch	54000
Bank balance 1.1.91	8400	Goods returned to H.O by branch	1080
Cash sales	14400	Credit sales	72000
Goods returned by customer	540	Cash collected from customers	66000
Discount allowed to customer	1320	Bad debts written off	780
Cash remitted by H.O by branch	75000	Rent & rates & insurance paid by H.O	1500
Expenses paid by branch:			
Wages & salaries	1200		
Miscellaneous	600		

From the above particulars you required to prepare a) Branch stock A/c b) Branch debtors A/c c) Branch expenses a/c d) Branch P&L A/c e) Branch bank A/c.

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS.

(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS FROM Q.No. 17 to 21)

16. What is statement of Affairs? How does it differ from balance sheet?

17. A, B and C are partners sharing profits and losses in the ratio of 3:2:1. Their balance sheet as on 31.3.2009 was as follows:

Liabilities	Amount	Asset	Amount
Creditors	1600	Cash in hand	600
Reserve Fund	6000	Cash at Bank	1000
Capital A	10,000	Sundry debtors	9000
B	10,000	Stock	7000
C	10,000	Machinery	6000
		Building	14000
	37600		37600

C retires from the business on 31.3.2009. They agreed to revalue the assets as below:

(CONTD....4)

- i) Create reserve for doubtful debts @5% on sundry debtors
- ii) Depreciate stock @ 5%
- iii) Depreciate machinery @10%
- iv) Factory buildings was valued at Rs.15100

Prepare revaluation account, partners' capital account and balance sheet of continuing partners as on 1.4.2009.

18. Explain the various mode of Dissolution.

19. A, B & C share profits in the ratio of 3:2:1. They decided to dissolve the firm on 31.12.2007 on which date their balance sheet was as under.

Liabilities	Amount	Asset	Amount
Creditors	20,000	Stock	35000
Capital A	40,000	Plant & Machinery	70000
B	30,000	Debtors	20000
C	25,000	Cash	5000
Loan A	10,000		
B	5000		
	1,30,000		1,30,000

Assets realised as follows:

January, 2008 - Rs.25,000

February, 2008 – Rs.45,000

March, 2008 - Rs.45,000

They have decided to distribute the cash among themselves in piecemeal. Prepare statement showing distribution of cash.

20. Mention the merits of Inflation Accounting.

21. From the following particulars, prepare the departmental Trading and profit and loss A/C for the year ending 31.12. 97

Particulars	RS	RS
Stock on 1.1.97	9000	8400
Sales	42000	36000
Purchases	27000	21600
Direct expenses	5490	8520
Postages	360	360
Stock on 31.12.97	10800	4800

Indirect expenses for the entire business was Rs. 3900 which are to be divided in the proportion of sales of the two departments.
