

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

**END-OF-SEMESTER EXAMINATIONS : NOVEMBER – 2023**

**B.Com. – E.COMMERCE**

**MAXIMUM MARKS: 50**

**SEMESTER : III**

**TIME : 3 HOURS**

**PART - III  
ADVANCED ACCOUNTING  
SECTION – A**

**(10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

**(K1)**

1. When a partner withdraws cash from the partnership, how is it typically recorded in their capital account?  
(a) As a debit (increase) (b) As a credit (decrease)  
(c) As a liability (d) As an asset
2. What is the term for the amount paid by a new partner to acquire their share in the partnership?  
(a) Drawings (b) Interest  
(c) Dividend (d) Premium
3. What term is used to describe the process of adjusting the values of assets and liabilities to their fair market values in advanced accounting?  
(a) Reconciliation (b) Revaluation  
(c) Reallocation (d) Restructuring
4. When a company decides to issue new shares to the public for the first time and raise capital, what type of share issue is it?  
(a) Rights issue (b) Bonus issue  
(c) Public issue (d) Private placement
5. Which financial statement provides a snapshot of a company's financial position at a specific point in time?  
(a) Income Statement (b) Cash Flow Statement  
(c) Balance Sheet (d) Statement of Changes in Equity

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

**(K2)**

6. Define Partnership deed.
7. What is goodwill ?
8. When does a sacrificing ratio change in a partnership?
9. Give the reason for Forfeiture.
10. Mention the primary purpose of the Income Statement in a company's final accounts.

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

**SECTION – B****(5 X 3 = 15 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(K3)**

11. a) A partner makes drawings of Rs. 2,000 p.m. under the partnership deed. Interest is to be charged at 12% p.a. What is the interest that should be charged to the partner if the amount was drawn (i) in the beginning of the month (ii) in the middle of the month and (iii) at the end of the month.

**(OR)**

- b) Anbu is the partner of a firm .He withdraws Rs.800 on the first day of each month. The rate of interest on drawings is at 5% per annum and the books are closed on 31<sup>st</sup> December 2022. Calculate amount of interest on drawings.

12. a) A and B are partners sharing profits and losses in the ratio of 5:3. They admit C as a partner. C acquires his share 4/20 from A and 2/20 from B. Find out the new profit sharing ratio and sacrificing ratio.

**(OR)**

- b) Calculate the amount of goodwill at three years 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

13. a) A,B and C were partners in a firm, sharing profits and losses in the ratio of 3:2:5. 'C' retires and on that date the firm's goodwill is valued at Rs.80,000. Pass necessary journal entries to adjust goodwill at the time of retirement.

**(OR)**

- b) X,Y and Z are partners sharing profit in the 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 entries for goodwill if the new profit sharing ratio is decided at 1:3.

14. a) Sajni Ltd. issues 10000 equity shares of Rs.100 each at 25% premium. Premium is due at the time of allotment. The amount payable is as follows:

Jan 1, 2018: On Application Rs.20

Feb 1, 2018: On Allotment Rs.75

Mar 1, 2018: On First and Final Call Rs.30.

The company makes allotment properly. Show necessary journal entries.

**(OR)**

- b) J and G Ltd. forfeited 200 equity shares of Rs. 10 each fully called-up for non-payment of final call @ Rs. 2 per share. These shares were originally issued at a discount of 10%. Application, Allotment and First Call money per share @ Rs. 2, Rs. 3 and Rs. 2 respectively were received in time. Give Journal entries for the forfeiture.

**(CONTD .... 3)**

15. a) From the following information determine the maximum remuneration available to a full time director of a manufacturing company. The profit & loss account of the company showed a net profit of Rs.40,00,000 after making into account the following items.
- (i) Depreciation (including special depreciation of Rs.40,000) Rs.1,00,000
  - (ii) Provision for income tax Rs.2,00,000
  - (iii) Donation to political parties Rs.50,000
  - (iv) Ex-gratia payment to a worker Rs.10,000
  - (v) Capital profit on sale of assets Rs.15,000

(OR)

- b) Summarize the steps to calculate Managerial Remuneration in Company Accounts.

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

16. a) Following is the Balance sheet of Mohan and Madan on 31<sup>st</sup> Dec 2022, after adjustment of profit for 2022 and drawings.

	Rs		Rs
Capital :Mohan 40,000 Madan <u>48,000</u>	88,000	Land	16,000
Creditors	32,000	Buildings	72,000
P&L Appropriations a/c	24,000	Other assets	48,000
		Madan's Drawings	8,000
	<b>1,44,000</b>		<b>1,44,000</b>

During the year 2022 (i) Profits were Rs.40,000 ; (ii) Drawings of Mohan were Rs.12,000 ; Interest is to be charged at 5% p.a on opening capitals. Calculate interest on capitals of Mohan and Madan.

(OR)

- b) On 1st January 2023. 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 withdraw Rs. 12,000 and Sumathy Rs. 24,000, Interest being Kavitha Rs. 280 and Sumathy Rs. 200. Profit in 2023 before the above noted adjustments was Rs. 42,320. Show the distribution of profits between the partners and prepare capital accounts (1) When they are fluctuating and (ii) when they are fixed.
17. a) H and M are partners in a firm sharing profits in the ratio of 3:2. On 1st April 2021, they admit R as a new partner for 3/13 share in the profits. The new ratio will be 5:5:3. R contributed the following assets towards his capital and for his share of goodwill. Stock Rs. 50,000; Debtors Rs. 70,000 Land Rs. 1,10,000, Plant & Machinery Rs. 75,000. On the date of admission of R, the goodwill of the firm was valued at Rs. 5,20,000. Pass necessary journal entries.

(OR)

**(CONTD .... 4)**

- b) R and L who share profits in the ratio of 3:2 had capital of Rs. 1,00,000 and Rs. 75,000 respectively. They agree to admit 'M' into partnership from 1st Jan 2023 on the following terms in return for 1/3<sup>rd</sup> share in the future profits.
- that M should bring in Rs. 50,000 as capital
  - that M is unable to bring his share of goodwill in cash. The goodwill of the firm be valued at Rs. 1,20,000. Pass journal entries in the books of the firm.

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

(OR)

- b) Akanksha, Anamika, and Priyanshi are partners in a firm sharing their profits and losses in the ratio 3:2:5. Their Balance Sheet as at 31<sup>st</sup> March 2021 was:

**Balance Sheet**  
as on 31<sup>st</sup> March 2021

Particulars	Amount (₹)	Particulars	Amount (₹)
Capital Accounts:		Land & Building	60,000
Akanksha	92,000	Plant and Machinery	70,000
Anamika	68,000	Stock	25,600
Priyanshi	50,000	Debtors	32,000
Creditors	31,200	Less: Provision	1,600
		Cash at Bank	55,200
	<b>2,41,200</b>		<b>2,41,200</b>

On the same date, Priyanshi retired from the company, and Akanksha and Anamika decided to share their future profits and losses in the ratio of 3:2, respectively. The following adjustments were agreed upon by the partners:

- An amount of ₹2,200 included in Sundry Debtors be written off as no longer receivables.
- A Provision for Doubtful Debts to be maintained at an existing rate.
- Stock be written down by ₹2,110.
- Land & Building be written up by ₹23,000.
- Plant & Machinery be reduced to ₹68,000.
- An amount of ₹1,400 included in Sundry Creditors be written back as no longer payable.
- A Provision of ₹1,200 be made for an outstanding repair bill.
- Priyanshi's Capital is to be transferred to her Loan Account.

Pass the necessary journal entries and prepare Revaluation A/c and Revised Balance Sheet.

19. a) Harry Limited has an authorized capital of Rs.200,000 divided into 4,000 shares at Rs.50 per share. The company has taken the necessary steps to issue 3,000 shares at a discount of 10%. Out of these, 500 shares were issued to directors on 25 March 2023, and 2,500 shares were issued to the general public.

Applications were received for 2,000 shares on 1 April 2023. The directors allotted these shares on 10 April 2023. Pass necessary journal entries and prepare the balance sheet.

(OR)

(CONTD .... 5)

- b) Ali Ahmed & Company is Public Limited Company listed in Karachi Stock Exchange. Company formed in 2006, under Authorized Shares 100,000 of worth 100 each. Company has decided to raise equity finance by issuing 20,000 equity shares at a Premium of Rs. 20 per share payable as follows: on Application Rs. 30; on Allotment Rs. 50 (including Premium); on First Call Rs. 20 and on Final Call Rs. 20. Applications were received for 24,000 of equity shares. 4,000 Applications were refunded and were transfer the ownership to all other applicants. Mr. Khan, the holder of 1,000 shares, failed to pay First Call Money. On his subsequent failure to pay the Final Call Money, the shares were forfeited. After forfeiture, 500 shares reissued at 90 each. Show the Journal entries, Bank Book and Balance Sheet.

20. a) Prepare Trading and Profit and Loss Account and Balance Sheet .  
The Alfa manufacturing Company Limited was registered with a nominal capital of Rs. 6, 00,000 in Equity Shares of Rs 10 each. The following is the list of balances extracted from its books on 31st December, 2022:

Particulars	Rs.	Particulars	Rs.
Wages	84865	Salary	14500
Calls in arrears	7500	Directors fees	5725
Premises	300000	Bad debts	2110
Plant & machinery	330000	Debenture interest paid	9000
Interim dividend paid on 1.4.2022	37500	Subscribed capital	400000
Stock on 1.1.2022	75000	6% Debentures	300000
Fixtures	7200	Profit & loss account (Cr.)	14500
Sundry debtors	85000	Sundry creditors	38000
Goodwill	25000	Bills payable	50000
Cash in hand	750	Sales	415000
Cash at bank	39900	General reserve	25000
Purchases	185000	Bad debts reserve 1.4.2022	3500
Preliminary expenses	5000	Freight and carriage	13115
General expenses	16835		

Adjustments :

- Depreciate Plant and Machinery by 10%.
- Write off Rs.500 from Preliminary Expenses.
- Provide half year's Debenture interest due.
- Leave Bad and Doubtful Debts Reserve at 5% on Sundry Debtors.
- Stock on 31st December, 2014, was Rs. 95,000. Prepare final account of the company.

(OR)

- b) Enumerate the prerequisites to be Included In Managerial Remuneration.