

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2021 ONLY)

21 UBP 203

REG.NO

NGM COLLEGE (AUTONOMOUS) POLLACHI
END-OF-SEMESTER EXAMINATIONS: JULY-2022

B.COM -BPS
II SEMESTER

MAXIMUM MARKS: 70
TIME: 3 HOURS

PART III

HIGHER FINANCIAL ACCOUNTING

SECTION – A (10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. Sacrificing ratio is used to distributein case of admission of a partner
(a) Reserves (b) Goodwill
(c) Revaluation Profit (d) Balance in Profit and Loss Account
2. 'Gaining Ratio' means _____
(a) Old Ratio – New Ratio (b) New Ratio – Old Ratio
(c) Old Ratio – Sacrificing Ratio (d) New Ratio – Sacrificing Ratio
3. On firm's dissolution, which one of the following account should be prepared at the last?
(a) Realisation Account (b) Partner's Capital Accounts
(c) Cash/Bank Account (d) Partner's Loan Account
4. Which account is prepared when branch sells goods on credit?
(a) Branch adjustment account (b) Branch debtors account
(c) Goods sent to branch account (d) Branch debtor account
5. In hire purchase system cash price plus interest is known as _____
(a) Book value of assets (b) Capital value of assets
(c) Hire purchase price of assets (d) Hire purchase charges

ANSWER THE FOLLOWING IN ONE OR TWO SENTENCES

(K2)

6. Define partnership deed.
7. What is piecemeal distribution of cash?
8. When all the partners are insolvent how is the deficiency treated?
9. What adjustment entries are made by the head office when goods are sent to branch at invoice price?
10. Show two merits of hire purchase system.

SECTION – B

(5 X 4= 20 MARKS)

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

11. a) The profit for the five years of a firm is as follows – year 2015 Rs. 4,00,000; year 2016 Rs. 3,98,000; year 2017 Rs. 4,50,000; year 2018 Rs. 4,45,000 and year 2019 Rs. 5,00,000. Calculate goodwill of the firm on the basis of 4 years purchase of 5 years average profits.

(OR)

- b) Karthik, Nirmal and Pankaj are partners sharing profits and losses in the ratio of 4 : 3 : 2. Nirmal retires and the goodwill is valued at Rs. 72,000. Karthik and Pankaj decided to share future profits and losses in the ratio of 5 : 3. Record necessary journal entries
12. a) Arun, Tarun and Neha are partners sharing profits in the ratio of 3 : 2 : 1 Neha dies on 31st May 2014. Sales for the year 2013-2014 amounted to Rs. 4,00,000 and the profit on sales is Rs. 60,000. Accounts are closed on 31 March every year. Sales from 1st April 2014 to 31st May 2014 is Rs. 1,00,000. Find the deceased partner's share in the profit upto the date of death.

(OR)

- b) Discover the circumstances in which the court dissolves the partnership firm.
13. a) The following is the Balance Sheet as on December 31, 1988 of A, B and C who share profits equally.

Balance Sheet of A, B and C as on December 31, 1988

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	42,000	Cash	2,000
Bank loan	10,000	Stock	30,000
Capital a/c : A	8,000	Debtors	18,000
B	5,000	Furniture	5,000
		C's capital account	10,000
	65,000		65,000

Due to paucity of funds the firm was dissolved on January 1, 1989. Bank loan was secured against stock which realized Rs. 22,000. The debtors realized Rs. 15,000 and Furniture Rs. 2,000. The expenses on realization were Rs. 1,000. B and C could not pay anything from their private estates. However, a sum of Rs. 1,200 was received from the private estate of A. Prepare Realization accounts to close the books of the firm.

(OR)

- b) Ram, Mohan and Dheena are partners who share profits in the ratio of 3:2:1. Their balance sheet as on 31-03-2018 was as under

LIABILITIES	Rs.	ASSETS	Rs.
Capital:		Sundry Assets	4,00,000
Ram	60,000		
Mohan	1,00,000		
Dheena	1,00,000		
Creditors	1,40,000		
	4,00,000		4,00,000

The firm was dissolved and the assets were realized as under – Ist Realisation – Rs.1,00,000, IInd Realisation – Rs.60,000, IIIrd Realisation – Rs.1,20,000, IVth Realisation – Rs.60,000 Final Realisation – Rs.30,000. Prepare statement of Surplus capital.

(CONTD....3)

14. a) The following information relates to Madurai branch

	Rs.	Rs.
Stock on 1.1.94		11,200
Branch debtors on 1.1.94		6,300
Goods sent to Branch		51,000
Cash sent to Branch for:-		
Rent	1,500	
Salaries	3,000	
Petty cash	500	5,000
Sales at branch:		
Cash	25,000	
Credit	39,000	64,000
Cash received from debtors		41,200
Stock on 31.12.94		13,600

Prepare Branch account for the year 1994

(OR)

- b) List the differences between branch and departmental system of accounting.

15. a) Rahul Purchased a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in four annual instalments of 25,000 each plus interest. The cash price was Rs.1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Show the interest for each year and the instalment amount.

(OR)

- b) From the following details of a businessman who sells goods of small value at cost plus 50%. Prepare Hire Purchase Trading a/c :

	Rs
1.1.90 Stock out with the customers at H.P. Price	9,000
Stock at shop at cost price	18,000
Instalments due but not received	5,000
31.12.90 Goods worth Rs. 500 repossessed (Inst.not due Rs. 2,000)	
Cash received from customers	60,000
Purchases made during the year	60,000
Stock at cost at shop (excluding the goods repossessed)	20,000
Instalments due but not received	9,000
Stock out at Hire- Purchase price with the customers	30,000

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)

(K4) OR (K5)

16. Distinguish between Hire Purchase System and Installment Payment System.

17. X Commenced his business with a capital of Rs. 25,00,000 on 1
- st
- april, 2016. During the five years ended 31
- st
- march, 2011, the results of his business were:

Year	Amount in (Rs)
2016-17	50,000(loss)
2017-18	1,30,000
2018-19	1,70,000
2019-20	2,00,000
2020-21	2,50,000

(CONTD....4)

During the period, he withdrew Rs.4,00,000 for his personal use. On 1st April, 2021, he admitted Y into partnership on the following terms:

- Goodwill is to be valued at 3 times the average profits of last five years.
- Y will have $\frac{1}{2}$ share of the future profits.
- He will bring in his share of goodwill in cash
- He will bring in capital in cash equal to that of X after admission

Find the amount to be brought in by Y and pass entries to record the transactions pertaining to admission.

18. Tamil, Mano and Sharan are in partnership sharing profit in the proportion of $\frac{1}{2}$, $\frac{1}{3}$, $\frac{1}{6}$ respectively. They dissolved the partnership firm on the December 31, 2014, when the balance sheet of the firm stood as under:

Balance Sheet as on December 31, 2014

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Sundry Creditors		30,000	Bank	37,500
Bills payable		25,000	Sundry debtors	58,000
Mano's loan		40,000	Stock	39,500
Capital : Tamil	90,000		Investment	42,000
Mano	75,000		Machinery	48,000
Sharan	55,000	2,20,000	Free hold property	90,000
		3,15,000		3,15,000

The machinery was taken over by Mano for Rs. 45,000, Tamil took over the investment for Rs. 40,000 and freehold property was taken over by Sharan at Rs. 95,000. The remaining assets realized as follows: Sundry Debtors Rs.56,500 and Stock Rs 36,500. Sundry creditors were settled at discount of 5%. Bills payable is taken over by Sharan for Rs. 23,000. Their liabilities amounting to Rs.3,000 not shown in books are also to be paid. An office computer, not shown in the books of accounts, realized Rs. 9,000. Realization expenses amounted to Rs. 3,000. Prepare realization Account, Partners Capital account and Bank Account.

19. P, Q and R were partners in a firm sharing profits and losses in the ratio of 3:2:1, No salary or interest were allowed to partners. Their Balance sheet as on 31st March 2019 stood as follows:

Liabilities	Rs	Rs		Rs	Rs
Fixed Capital			Fixed assets:		
P	20,000		Freehold Property		48,000
Q	20,000		Plant and Equipment		12,800
R	10,000	50,000	Motor Vehicle		700
Current Accounts: P	500		Current Assets - Stock		3,900
Q	9000	9,500			
Trade Creditors		12,400	Trade Debtors	2000	1,900
			Less: Provision	(100)	
Loan from P		8,000	Cash at Bank		200
			Miscellaneous losses R's		400
			Current Account		
			Profit and Loss Account		12,000
		79,900			79,900

On 1st July, 2012 the partnership was dissolved. Motor Vehicle was taken over by Q at a value of 1500 but no cash passed specifically in respect of this transaction. Sale of other assets realised the following amounts: Goodwill - nil, Freehold Property - 7,000, Plant and Equipment - 5,000, Stock - 3,000, Trade Debtors - 1,600 Trade Creditors were paid Rs. 11,700 in full settlement of their debts. The costs of dissolution amounted to Rs 1,500. The loan from P was repaid, P and Q were both fully solvent and able to bring in any cash required, but R has become insolvent and is forced into bankruptcy and was only able to bring $\frac{1}{3}$ of the amount due. You are required to show: (a) Cash and Bank Account and (b) Realisation Account

(CONTD....5)

20. From the follow information, prepare departmental trading and profit & loss A/c in a columnar form of the three departments of Sharma Dry Cleaners Ltd.

	Dry cleaning Rs.	Darning Rs.	Dyeing Rs.
Stock 1st Jan. 1996	4,00,000	3,40,000	9,40,000
Stock 31st Dec. 1996	3,30,000	4,38,000	8,17,000
Purchases	19,59,000	6,97,000	13,73,000
Sales	40,00,000	20,00,000	40,00,000
Wages	7,28,000	3,00,000	2,46,000

Goods were transferred from one department to another at cost price as follows:

- i. Darning to dry cleaning Rs.2,400 and to dyeing Rs. 40,200
- ii. Dyeing to dry cleaning Rs.25,800 and to darning Rs.18,000
- iii. Dry cleaning to darning Rs.3,000 and to dyeing Rs.24,000

Apportion equally:

Stationery	Rs.5,418
Postage	Rs.4,050
General expenses	Rs.2,37,618
Insurance	Rs.10,080
Depreciation	Rs.32,598

Rent & taxes Rs. 1,80,000 is to be split in proportion to space occupied, i.e, dry cleaning 4, darning 2, dyeing 2 and other space 2.

21. Krishna sells products on HP terms, the price being cost plus 33 1/3%. From the following particulars for the year ended 31.12.95, prepare the necessary accounts on stock - debtors system to reveal the profit earned

	RS
1.1.95 Stock out on hire at H.P. price	16,00,000
Stock in hand at shop	2,00,000
Instalments due (customers still paying)	1,20,000
31.12.95 Stock out on Hire at H.P. Price	18,40,000
Stock in hand, at the shop	2,80,000
Instalments due (customers still paying)	2,00,000
Cash received during the year	32,00,000