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(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2024 ONLY)

SUB CODE:
REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS: MAY -2024

**B.Com –B &I
SEMESTER -II**

**MAXIMUM MARKS: 75
TIME: 3 HOURS**

PART - III

23UBI203 – FINANCIAL ACCOUNTING-II

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

1. When was the Indian partnership Act brought up?

a)1932 b)1972 c)1949 d)1956 **K1**

2. Profit or loss on revaluation at the time of retirement must be transferred to the partners in _____

a) a tangible asset b)an intangible asset c)a fictitious asset d)a hidden asset.

3. In 'Dissolution', 'I' means _____

a)Insolvent b)Indemnity c)Incapacity d)Illegal.

4. Preferential creditors are shown under _____

a) List D b) List E c) List F d) List H

5. Consequential loss policy indemnifies _____

a) Capital losses b) Revenue losses c) Budgeted losses d) Previous losses

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

6. Define Partnership. **K2**

7. What is gaining ratio?

8. Explain the realisation account.

9. What do you understand by Deficiency Account?

10. What is a claim?

(CONTD.....2)

(2)

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SECTION – B

(5 X 5 = 25 MARKS)

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

11.a) A partner makes drawing 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.

K3

(OR)

b) A firm earned net profits during the last three years as follows:

	Rs.
I year	36,000
II year	40,000
III year	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 basis of 3 years purchase of super profits.

12. a) P,Q and R are partners sharing profits and losses in the ratio of 5:3:2 respectively Q retires. Q's share of profit is taken up by P and R in their profit sharing ratio. Calculate the new ratio.

(OR)

b) X,Y and Z are partners sharing profits and losses in the ratio 2:1:1. Z dies on 15.3.95. Sales from 1.1.95 to 15.3.95- Rs.60,000. Sales for 1994- Rs.2,40,000; Profit for 1994- Rs.48,000. Z's share of profit on the basis of turnover will be calculated.

13. a) P,Q and R share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$. On the date of dissolution their Balance Sheet was as follows:

Liabilities	Rs.	Assets	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 in full. Realisation expenses amounted to Rs.1,500. Close the books of the firm.

(OR)

(CONTD.....3)

(3)

(23UBI203)

b) A,B,C share profits in proportion of 1/2,1/3 and 1/6. Their Balance Sheet is as follows:

Liabilities	Rs.	Assets	Rs.
A's Capital	60,000	Assets (less liabilities)	1,60,000
B's Capital	60,000		
C's Capital	40,000		
	1,60,000		1,60,000

The partnership is dissolved and the assets are realized as follows:

First realisation Rs.20,000, second realisation Rs.30,000, third and final realisation Rs.50,000. Prepare a statement showing how the distribution should be made.

14.a) List the different kinds of unsecured creditors.

(OR)

b) What are preferential creditors in the following liabilities of insolvent Bhuoesh according to Presidency Town Insolvency Act and Provincial Insolvency Act:?

	Rs.
3 month's salary for 10 clerks	3,600
One month wages of 12 labourers	1,600
Sales Tax	400
3 Months rent of landlord	600
Income tax	1,000
Wages of four servants	1,400
Salaries	1,000
Municipal tax	400
Wages	6,000

15.a) A fire occurred in the premises of X Ltd. on 10.10.91. All stocks were destroyed except to the extent of Rs.6,200. From the following figures, ascertain the loss of stock suffered by the company:

	Rs.
Stock on 1.1.90	40,000
Purchases during 1990	1,45,000
Sales during 1990	2,00,000
Stock on 31.12.90	25,000
Purchases during 1991 upto the date of fire	1,52,200
Sales during 1991 upto date of fire	1,89,000

(OR)

b) Explain the various needs for fire insurance.

(CONTD.....4)

(4)

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SECTION - C

(5 X 8 = 40 MARKS)

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

16.a) Ram and Ravi are partners in a firm sharing profits and losses as to $\frac{3}{4}$ th to Ram and $\frac{1}{4}$ th to Ravi. Their capitals on 1st January, 1996 amounted to Rs.18,000 and Rs.12,000 respectively. During the year ended 31st December 1996, they lost Rs.10,608 without taking into account interest on capital and drawings. According to partnership deed, interest on capital is to be allowed at 5% p.a. and charged on drawings at an average rate of 2%.The drawings of Ram and Ravi during the year were Rs.3,000 and Rs.2,400 respectively and interest on them worked out to be Rs.60 and Rs.48 respectively.

Draw up the Profit & Loss Appropriation A/c and the capital accounts of the partners as on 31st December 1996. **K4**

(OR)

b) A and B are partners sharing profits in the ratio of 3:1. Their Balance sheet stood as under on 31.3.2004:

Liabilities	Rs.	Assets	Rs.
Salary due	5,000	Stock	10,000
Creditors	40,000	Prepaid insurance	1,000
Capital		Debtors	8,000
A:	30,000	(-) Provision	<u>500</u>
B:	<u>20,000</u>	Cash	18,500
		Machinery	22,000
		Buildings	30,000
		Furniture	6,000
	95,000		95,000

C is admitted as a new partner introducing a capital of Rs.20,000, for his $\frac{1}{4}$ th share in future profits. Following revaluations are made:

(i) Stock be depreciated by 5%

(ii) Furniture be depreciated by 10%

(iii) Building be revalued at Rs.45,000

(iv) The provision for doubtful debts should be increased to Rs.1,000. Prepare Revaluation A/c and Balance Sheet after admission. **K4**

(CONTD.....5)

(5)

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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 Sheet as on 31.3.2006 was as follows.

Liabilities	Rs.	Assets	Rs.
Reserve fund	16,000	Building	50,000
Capital		Machinery	40,000
A	30,000	Furniture	10,000
B	40,000	Stock	25,000
C	25,000	Debtors	18,000
Loan payable	15,000	(-)Provision	500
Sundry creditors	25,000	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.2,000

Prepare necessary ledger accounts and show the Balance Sheet of the new firm. **K4**

(OR)

b) Following is the Balance Sheet of X,Y and Z as at 31.12.2010.

Liabilities	Rs.	Assets	Rs.
Creditors	4,000	Cash in hand	400
Capital A/c		Cash at bank	10,000
X	20,000	Debtors	12,000
Y	10,000	Stock	8,000
Z	10,000	Plant & Machinery	12,000
Reserve	6,400	Goodwill	8,000
	50,400		50,400

Z died on 14.3.2011. Under the terms of partnership deed the executors of a deceased partner were entitled to:

i) Amount standing to the credit of partner's Capital A/c.

ii) Interest on capital balance at 5% per annum.

iii) Share of goodwill on the basis of twice the average of the past three year's profits and

iv) Share of profit from the closing of the last financial year to the date of death on the

(CONTD.....6)

(6)

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Basis of the average of the three completed years' profit before the death.

Profit for 2008, 2009 and 2010 were respectively Rs.12,000, Rs.14,000 and Rs.16,000. Profit were shared in the ratio of capitals.

Pass the necessary journal entries and draw up Z's A/c to be rendered to his executors. **K4**

18.a) The following is the Balance Sheet of Arun, Babu, Cheran and David on 31.12.94. They shared profits and losses in the ratio of 4:3:2:1

Liabilities	Rs.	Assets	Rs.
Capitals		Fixed assets	20,000
Arun	15,000	Current assets	6,000
Babu	10,000	Goodwill	5,000
Cheran	1,500	David's capital	500
Sundry creditors	5,000		
	31,500		31,500

David has no separate assets and liabilities. The partners decided to dissolve the business. Fixed assets realised Rs.15,000 and current assets realised Rs.5,000. The goodwill is valueless. Realisation expenses amount to Rs.1,500. Cheran can contribute only Rs.250 from his separate resources. Prepare necessary accounts according to Garner vs. Murray assuming that both Cheran and David have become insolvent. **K4**

(OR)

b) The following is the Balance Sheet of X, Y and Z as at 30.12.94

Liabilities	Rs.	Assets	Rs.
Capitals		Plant & Machinery	50,000
X	75,000	Land & Buildings	1,00,000
Y	22,500	Stock	20,000
Z	67,500	Debtors	70,000
Y's loan	13,000		
Creditors	62,000		
	2,40,000		2,40,000

On the above date, they decided to dissolve the firm and to repay the amounts due to partners as and when the assets were realised viz.

	Rs.
I Realisation	45,000
II Realisation	1,09,500
III Realisation	70,500

Prepare the statement showing how the distribution should be made. **K4**

19.a) Distinguish between balance sheet and statement of affairs. **K4**

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(OR)

b) A and B are equal partners. Insolvency petition is filed on 30.6.95. The balance sheet as on 30.6.95 is as follows (realizable value indicated in brackets)

	Rs.		Rs.
Mortgage loan (on freehold)	40,000	Freehold	(1,20,000) 1,60,000
Bank overdraft (secured by 2 nd mortgage of freehold)	1,60,000	Plant & Machinery (72,000)	1,20,000
Preferential creditors	6,000	Fixtures(40,000)	12,000
Unsecured creditors	2,00,000	Stock (40,000)	80,000
Capital- A	88,000	Debtors (60,000)	1,00,000
		Cash	2,000
		B- Capital overdrawn	20,000
	4,94,000		4,94,000

The overdraft is secured in addition to second mortgage, by A's personal guarantee against which his investments have been deposited. A's investments are estimated to realize Rs.68,000 and after meeting his guarantee his private estate was insolvent. B was solvent and Rs.38,000 was available from his estate for firm's creditors.

Prepare (i) Statement of affairs (indicating rate of dividend for unsecured creditors)

(ii) Deficiency A/c

(iii) Capital accounts in the ledger (assuming realizations as per estimates) **K4**

20.a) Explain the various types of fire insurance policies.

K4

(OR)

b) A fire occurred in the business premises of Raghavan on 19.7.89. From the following particulars ascertain the loss of stock and prepare a claim for insurance. **K4**

	Rs.
Stock on 1.1.88	36,720
Stock on 31.12.88	32,400
Sales for 1988	2,16,000
Purchases for 1988	1,46,400
Purchases from 1.1.89 to 19.7.89	1,76,400
Sales from 1.1.89 to 19.7.89	1,80,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.21,600. The amount of the policy was Rs.75,600. There was an average clause in the policy.
