

(FOR THE CANDIDATES ADMITTED

24 UPA 204

DURING THE ACADEMIC YEAR 2024 ONLY)

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS : MAY 2025

B.Com (PA)

MAXIMUM MARKS: 75

SEMESTER: II

TIME : 3 HOURS

PART - III

24UPA204 – IV HIGHER FINANCIAL ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1. A and B are partners profits sharing in 3:2 ratio. C is admitted after paying a premium of Rs2,000. For $\frac{1}{4}$ th share, B will get
a. Rs.800 b.Rs.200 c.Rs.1200 d. Rs.1000
2. Goodwill is a _____
a. Fixed asset b. Tangible asset c. Intangible asset d. Current assets
3. Unrecorded liability paid at the time of dissolution is debited to
a. Realisation b. Revaluation c. P&L A/c d. None of these
4. The branch account in the case of debtors system is-----
a. Real a/c b. Personal a/c c. Nominal a/c d. None of these
5. Under hire purchase, ownership of the asset is transferred to the buyer:
a. On payment of the first installment b. On payment of the last installment
c. At the time of agreement d. After half the installments are paid

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. What is partnership deed?
7. What are the modes of dissolution?
8. State the rule of Garner Vs Murray.
9. What is stock reserve?
10. Define departmental accounting.

SECTION – B

(5 X 5 = 25 MARKS)

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

11. a) 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 firm 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.

(OR)

b) P,Q and R are partner sharing profits and losses in the ratio of 2:2:1. Q retires , and the new profit ratio agreed between the continuing partners P and R is 3:2 calculate the gaining ratio

12. a) P , Q and R share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$ on the data of dissolution their balance sheet was as follows :

Liabilities	Assets

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. Realization expenses to amounted to Rs.1,500. Close the books of the firm .

(OR)

b) What do you mean by piecemeal distribution? Explain the methods of making such distribution.

13. a) A, B, and C are partners sharing profits and losses in the ratio of 5:3:2. Their capital balances are: A: Rs.60,000 B: Rs.40,000 C: Rs.20,000

The firm is dissolved, and Rs.50,000 is realized from asset sales. Prepare a statement showing the distribution of Rs.50,000 among the partners using the Proportionate Capital Method.

(OR)

b) Discuss the Garner Vs Murray rule.

14. a) What are the differences between branches and departments?

(OR)

b) From the following details, prepare departmental trading a/c

	Dept. A	Dept. B
Opening stock	9000	8400
Purchases	27000	21600
Sales	42000	36000
Closing stock	10800	4800
Credit purchases	17000	10600
Credit sales	5000	6000

15. a) A Ltd sold a machine on hire purchase to B Ltd. The cash price of the machine is Rs.60,000, and the hire purchase price is Rs.72,000, payable in 4 annual installments of Rs.18,000 each. B Ltd paid two installments but defaulted on the third installment. A Ltd repossessed the machine and valued it at Rs.25,000. Show the journal entry for repossession in the books of A Ltd.

(OR)

b) Explain the difference between hire purchase and installment accounting methods.

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 /K5)

16. a) The balance sheet of Padma and Renuka on 31st March 2000 is set out below :
They share profits and losses in the ratio 3:1.

Liabilities	Rs.	Assets	Rs.
Capitals :			
Padma	40,000	Land & Buildings	30,000
Renuka	30,000	Furniture	2,000
General reserve	20,000	Stock	8,000
Sundry creditors	20,000	Sundry debtors	60,000
		cash	4,000
		Profits & loss A/c	6,000
	1,10,000		1,10,000

They agreed to admit Kavitha into the firm, subject to the following terms and conditions :

- (i) She will be entitled to one-fourth share of the profits.
(ii) she will bring in Rs.21,000 of which Rs.10,000 will be treated as her share of goodwill to be retained in the business.
(iii) Depreciation is to be provided on furniture @ 15%
(iv) Stock to be revalued at Rs.6,500
(v) 50% of the general reserve is to remain as a provision for bad and doubtful debts.

Give journal entries to give effects to these arrangements and construct 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 31.12.90 is given below :

Liabilities		Rs.	Assets		Rs.
Capital :			Machinery	43,500	
	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.1,2000 , 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.

Prepare necessary ledger accounts and new balance sheet.

17. a) A, B, and C are partners sharing profits in the ratio 3:2:1. A dies on June 30, 2024. His capital balance on April 1, 2024, was Rs.1,00,000. The goodwill of the firm is valued at Rs.60,000. The profit for the year 2023-24 was Rs.1,20,000, and the firm earned profits proportionate to time. Interest on capital is to be calculated at 6% p.a. Drawings of Rs.10,000 were made by A. Prepare A's executor's account

(OR)

b) R, S and M are partners in a business sharing profits and losses as 2:2:1. Their Balance sheet as at 30.6.91 was as follows:

Liabilities		Assets	
Creditors	4,000	Bank	5,000
R's capital	10,000	Debtors	4,000
S's capital	4,000	Stock	5,000
M's capital	2,000	Fixtures	2,000
Reserve fund	5,000	Machinery	9,000
	25,000		25,000

They decided to dissolve the business. The following are the amounts realised. Machinery Rs.8500; furniture Rs.1,500; stock Rs.7,000; and debtors Rs.3,700. creditors allowed a discount of 2% and R agreed to bear all realisation expenses. For service, R is paid Rs.120. actual expenses amounted to Rs.900 which was withdrawn by him from the firm. There was unrecorded asset of Rs500 which was taken over by S at Rs.400. prepare revaluation A/c, Capital A/c, and Bank A/c.

18. a) P, Q and R are partners in a firm. They share profits and losses equally. Their balance sheet on 31.12.12 is given under:

Liabilities	Rs.	Assets	Rs.
Capitals : P	16,000	Machinery	40,000
Q	12,000	Furniture	16,000

Reserve fund	18,000	Debtors	40,000
Creditors	64,000	Cash	8,000
		Q's capital	6,000
	1,10,000		1,10,000

The partnership is dissolved due to insolvency of Q who is unable to contribute anything in the payment of his debt to the firm. Machinery realized Rs.30,000 and furniture Rs.6,400. Only Rs.24,000 was recovered from debtors. Creditors were paid at a discount of 5%. Prepare the necessary accounts in the books of the firm when the capitals are fluctuating. Apply Garner Vs Murray rule.

(OR)

b) P, Q, and R are partners sharing profits and losses equally. Their firm is sold to XYZ Ltd for Rs.4,50,000, payable as Rs.2,70,000 in cash and Rs.1,80,000 in shares. The firm's Balance Sheet shows: Assets: Rs.5,00,000 Liabilities: Rs.1,50,000 Capital Balances: P = 1,20,000, Q = 1,10,000, R = ₹,20,000 Prepare the Realization Account and the Partners' Capital Account.

19.a)The following information relates to Madurai branch

	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) The following purchases were made by a business house having three departments.

Dept A-1000 units	
Dept B-2000 units	}-at a total cost of Rs.1,00,000
Dept C-2400 units	

Stocks on 1 st January were:

Dept A-120 units
Dept B-80 units
Dept C-152 units

Sales were:

Dept A-1020 units at Rs.20 each
Dept B-1920 units at Rs.22.50 each
Dept C-2496 units at Rs.25 each

The rate of gross profit is same in each case. Prepare Departmental trading account.

20.a)C Ltd sold a truck to D Ltd under hire purchase for Rs.4,00,000. The hire purchase price is Rs.4,80,000, payable in 4 annual installments of Rs.1,20,000 each. D Ltd paid the first two installments but defaulted on the third. C Ltd repossessed the truck and agreed to leave D Ltd with

part of the truck, valued at Rs.1,00,000. The repossessed portion was valued at Rs.1,50,000. Prepare the **Hire Purchaser's Account** in the books of C Ltd.

(OR)

b) X Ltd sold goods on installment basis for Rs.1,00,000, payable in 5 annual installments of ₹Rs.,000 each. The interest is 10% p.a. on the outstanding balance. Prepare the installment schedule for X Ltd.

(24 UPA 204)