

(FOR THE CANDIDATES ADMITTED

24UBI203

DURING THE ACADEMIC YEAR 20 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS: MAY-2025

B. Com-B&I

MAXIMUM MARKS: 75

SEMESTER: II

TIME: 3 HOURS

**PART - III**

**24UBI203 FINANCIAL ACCOUNTING-II**

**SECTION – A**

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

**ANSWER THE FOLLOWING QUESTIONS.(K1)**

1. Partner's current accounts are opened in case their capital accounts are
    - (a) Fixed
    - (b) Fluctuating
    - (c) Credited in excess
    - (d) None of these
  2. When the retiring partner is paid in instalments, the total amount payable to the retiring partner is transferred to
    - (a) Capital a/c
    - (b) His Loan a/c
    - (c) An Annuity suspense a/c
    - (d) None of these 3.
- Realisation account is a
- (a) Real a/c
  - (b) Personal a/c
  - (c) Nominal a/c
  - (d) Cash a/c
4. The ruling in Garner Murray is applicable
    - (a) Admission of a partner
    - (b) Retirement of a partner
    - (c) Death of a partner
    - (d) Insolvency of a partner
  5. Fire insurance provides cover for
    - (a) Tangible assets
    - (b) Intangible assets
    - (c) Fictitious assets
    - (d) Current assets

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

**(K2)**

6. What do you mean by partnership deed?
7. State the formula for Gaining ratio.
8. Mention the journal entry for closing of assets account under dissolution.
9. Who is called insolvent partner?
10. Present the formula for applying insurance claim under average clause.

**SECTION – B**

**(5 X 5 = 25 MARKS)**

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

**(K3)**

11. a). Madan and Sadan were partners in a business. Their profit sharing ratio was 4:1. On 1.4.2019 their capitals were Madan Rs. 5,0000, Sadan Rs. 40,000. Their accounting year ends on 31.3.2020. Profit for the year was Rs. 1,75,000.

Prepare Profit and Loss Appropriation A/c on the basis of the following information:

- (a) Interest on capital per annum was 5%
- (b) Interest on Madan's loan a/c was Rs. 5,000
- (c) Drawings: Madan Rs. 15,000, Sadan Rs. 10,000, Interest on drawings is at 6% p.a.

**(OR)**

- b) A and B divide profits in 7:3. They admit C into a partnership to share  $\frac{2}{7}$ <sup>th</sup> in the profit. Calculate the new profit-sharing ratio.

12. a) A, B & 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 journal entry to adjust goodwill at the time of retirement.

**(OR)**

- b) Describe the factors affecting goodwill.

13. a) X, Y and Z are partners sharing profits in the ratio of 2:2:1. Y dies on 31 March 2019. Accounts are closed on 31<sup>st</sup> December. Sales for the year 2018 amounted to Rs. 6,00,000. Sales of Rs. 2,00,000 amounted between the period of 1<sup>st</sup> January, 2019 and 31<sup>st</sup> March 2019. The profit for the year 2018 amounted to Rs. 60,000. Calculate the deceased partner's share in the profit of the firm.

**(OR)**

- b) Discuss the various modes of dissolution.

14. a) Prepare a Deficiency Account from the following particulars:

- (i) Excess of assets over liabilities Rs. 4,000.
- (ii) Loss in Business Rs. 7,500.
- (iii) Profits Rs. 12,000.
- (iv) Drawings Rs. 15,000.

**(OR)**

- b) X, Y and Z are partners sharing profits and losses in the ratio of 2:2:1 respectively. Y is insolvent and his estate is unable to contribute anything. You are required to pass journal entries as per Garner Vs Murray rule from the following information:

Realisation loss Rs. 1,20,000

Deficiency in Y's Capital a/c – Rs. 22,000

Capital ratio of X and Z is 73:25.

15. a) From the following calculate the amount of claim in respect of a fire occurred in a business on 31.12.2019.

	<b>Rs.</b>
Sales 1.4.2019 to 31.12.2019	12,00,000
Purchases 1.4.2019 to 31.12.2019	8,00,000
Stock on 31.3.2019	2,00,000

Gross profit – 25% on sales. Stock salvaged Rs. 20,000.

(OR)

b) Explain the need for a fire insurance policy.

**SECTION – C**

**(5 X 8 = 40 MARKS)**

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

**(K4 (Or) K5)**

16. a) Arul and Asha are partners in a partnership business sharing profit and losses in the ratio of 1:1.

The position of their business as on 31.12.2019 was as below:

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital:		Buildings	60,000
Arul	60,000	Furniture	10,000
Asha	40,000	Debtors	10,000
General Reserve	10,000	Less: Provision	500
Creditors	30,000	Stock	15,000
Bank a/c	5,000	Cash	1,200
	<b>1,45,000</b>		<b>1,45,000</b>

On 1.4.2018 Arjun was admitted as a partner with 1/5<sup>th</sup> share in future profits. The following are the terms for his admission:

- (i) Land and Building valued at Rs. 80,000
- (ii) The value of furniture and stock is reduced by 10%
- (iii) Goodwill Rs. 10,000 brought in cash by Arjun
- (iv) Arjun to bring Rs. 20,000 as his capital
- (v) Provision for bad debts is increased to Rs. 1,000.

Prepare necessary ledger accounts and Balance sheet of the newly constituted firm.

(OR)

b) Show how the following items will appear in the capital account of the partners Balu and Gopu when their capitals are fluctuating:

<b>Particulars</b>	<b>Babu (Rs.)</b>	<b>Gopu (Rs.)</b>
Capital as on 1.1.2022	8,00,000	7,00,000
Drawings during 2022	1,60,000	1,40,000
Interest at 5% on drawings	4,000	2,000
Share of profits for 2018	84,000	66,000
Interest on capital at 6%	48,000	42,000
Salary	72,000	-

17. a) C, D and E were partners sharing profits in proportions of 1/2 : 1/3 : 1/6 respectively. The balance sheet of the firm on 31.12.2014 was as under:

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital: C	40,000	Factory Buildings	45,000
D	30,000	Plant & Machinery	35,000

E	25,000	Motor vans	8,000
Reserve fund	12,000	Debtors	16,000
Bills payable	5,000	Less: Provision	500
Creditors	19,000	Stock	25,000
		Cash at bank	2,500
	<b>1,31,000</b>		<b>1,31,000</b>

D retires on that date subject to the following conditions:

- The goodwill of the firm to be valued at Rs. 18,000
- Plant & Machinery to be depreciated by 10% and Motor vans by 15%
- Stock to be appreciated by 20% and Factory buildings by 10%
- Provision for doubtful debts to be increased by Rs. 1,950
- Liability for workmen's compensation to the extent of Rs. 1,650 is to be brought into account.

It was agreed that C and E will share profits in future in the ratio of C  $\frac{3}{5}$  and E  $\frac{2}{5}$ . Prepare Revaluation A/c, Capital A/cs and the Balance sheet.

**(OR)**

- b) The balance sheet of P, Q, and R who are sharing profits and losses in the ratio of 2:2:1 respectively, was as follows on 31.3.2021:

Liabilities	Rs.	Assets	Rs.
Capital: P	20,000	Buildings	12,000
Q	12,500	Machinery	4,875
R	10,000	Furniture	1,750
P & L a/c	2,250	Debtors	8,900
Bills payable	3,200	Bills receivable	2,700
Creditors	6,250	Stock	11,150
		Cash	12,825
	<b>54,200</b>		<b>54,200</b>

'P' retires from the business from 1.4.2021 and his share in the firm is to be ascertained on a revaluation of the assets as follows:

Stock Rs. 10,000. Furniture Rs. 1,500. Machinery Rs. 4,500. Buildings Rs. 10,000 and Rs. 425 is to be provided for doubtful debts. The goodwill of the firm is to be valued at Rs. 3,000. 'P' is to be paid Rs. 5,525 in cash on retirement and balance in 3 equal yearly installments with interest at 5% p.a. Pass journal entries and show the P's loan A/c for three years.

18. a) A, B and C are partners sharing profits in the ratio of 3:2:1. The following Balance sheet of the firm was as under on 31.12.2010.

Liabilities	Rs.	Assets	Rs.
Capital: A	80,000	Goodwill	20,000

B	80,000	Machinery	1,40,000
C	60,000	Furniture	60,000
Reserve fund	24,000	Debtors 50,000	
Bills payable	32,000	Less: Provision 6,000	44,000
Creditors	60,000	Stock	36,000
		Cash at bank	36,000
	<b>3,36,000</b>		<b>3,36,000</b>

B died on 1<sup>st</sup> Jan. 2011, the following terms were agreed:

- (i) Provision for doubtful debts be raised by Rs. 2,000
- (ii) Outstanding claim for damages of Rs. 2,200 is to be provided.
- (iii) Creditors be reduced by Rs. 12,000

Prepare Revaluation a/c, Capital a/c and Balance sheet of A & C.

**(OR)**

b) Give specimen journal entries for dissolution of firm.

19. a) A, B and C are equal partners in a firm and on 31.12.2015, their Balance Sheet stood as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	10,000	Cash at bank	200
Bills payable	3,200	Debtors	16,000
Reserve fund	9,000	Stock	25,000
Capital accounts:		Bills receivable	5,000
A    21,000		Machinery	15,000
B    13,000			
C     5,000	39,000		
	<b>61,200</b>		<b>61,200</b>

C became insolvent and his private estate could pay only Rs. 100. The firm was dissolved. Assets realized only Rs. 31,000. Realization expenses came to Rs. 600. Prepare necessary ledger accounts to close the books of the firm. Apply Garner Vs. Murray rule.

**(OR)**

b) Distinguish between Statement of Affairs and Balance sheet.

20. a) A trader asks for your help in preparing an insurance claim in respect of stock-in-trade destroyed by fire in his warehouse on June, 1 2016.

His books of accounts give the following information concerning trading account transactions for the period, January 1 to June 1, 2016.

Balance of stock, January 1, 2016 at cost Rs. 26,000

Debtors on 1.1.2026 Rs. 50,000

Debtors on 1.6.2016 Rs. 80,000

Cash received from debtors Rs. 60,000

Discount allowed to debtors Rs. 10,000

Cash purchases Rs. 10,000

Cash paid to suppliers Rs. 67,000

Creditors on 1.12.2016 Rs. 16,000

Creditors on 1.6.2016 Rs. 18,500

The rate of Gross profit on cost is 25%

Calculate the amount of claim taking into account that goods salvaged from the fire were worth Rs. 3,000.

**(OR)**

- b) A fire occurred in the premises of Ganesh Flur Ltd., on 1.5.2019. the company had a loss of profits for 2,40,000. Sales from 1.5.2018 to 30.4.2019 were Rs. 20,00,000, the sales from 1.5.2018 to 31.8.2018 being Rs. 6,00,000. During the indemnity period, which lasted four months, sales amounted to only Rs. 80,000. The company made up its accounts to 31<sup>st</sup> December. The profit & loss account for 2018 is given below:

**Profit & Loss Account**

<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
To Opening stock	2,00,000	By Sales	19,00,000
To Purchases	12,00,000	By Closing stock	1,00,000
To Manufacturing expenses	1,34,000		
To Variable selling expenses	1,81,000		
To Fixed expenses	1,45,000		
To Net profit	1,40,000		
	<b>20,00,000</b>		<b>20,00,000</b>

Comparing the sales of the first four months of 2019 with those of 2018, it was found that sales were 20% higher in 2019. Calculate the loss of profits and the claim to be made.

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