(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2024ONLY) 24UCF203

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

24UCF203 – FINANCIAL ACCOUNTING - II

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1. When goodwill account is raised, credit is given to old partners in
   (a) new ratio (b) sacrificing ratio
   (c) old ratio (d) gaining ratio
2. Amount due to outgoing partner is shown in the balance sheet as his:
   (a) Liability (b) Asset
   (c) Capital (d) Loan
3. Loss on realization is:
   (a) Debited to partners capital A/c (b) Credited to partners capital A/c
   (c) Debited to realization A/c (d) Credited to realization A/c
4. In case of Garner Vs Murray, the loss has to be borne by the
   (a) Insolvent partners (b) Solvent partners
   (c) old partners (d) New partners
5. Goods sent by Branch A to Branch B, will be debited to
   (a) Branch B (b) Branch A
   (c) Head Office (d) None of these

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES (K2)

6. What is meant by sacrificing ratio?
7. Express the meaning of revaluation account.
8. Explain about Executor’s account in death of partner.
9. Define Statement of affairs.
10. What is stock and debtor system?

SECTION – B (5 X 5 = 25 MARKS)

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

11. a) Describe the different methods of treatment of goodwill in case of admission of partner.

(OR)

b) X and Y were partners sharing profits in the ratio of 7:3. Z was admitted on 3/7th share. Calculate new profit ratio of partners and sacrificing ratios of old partners.

12. a) A , B and C were partners in a firm with capitals of Rs. 20,000, Rs.16,000 and Rs.12,000 respectively and sharing profits in the ratio of 3:2:1 . On 31st March. 2018 B retries. For the purpose of retirement, the goodwill of the firm was valued at Rs. 36,000. Pass necessary journal entries under the following cases:
   (i) Total Goodwill is raised and maintained in the books.
   (ii) Total Goodwill is raised but written off later on
   (iii) ‘B’ is given his share of goodwill without raising goodwill account.

(OR)

b) K,M and S are three partners sharing profits in the ratio of 1/2:1/3:1/6. S retires. Calculate the new ratio and gaining ratio of K and M.

13. a) What journal entries would be passed for the following transactions on the Dissolution of a firm, after various assets (other than cash) and third party liabilities have been transferred to realisation a/c?

(i) Bank loan Rs. 12,000 is paid
(ii) Stock worth Rs. 6,000 is taken over by partner B
(iii) Expenses on dissolution amounted to Rs.1,500 and were paid by partner A
(iv) A typewriter completely written off in the books of account was sold for Rs.200.

(OR)

b) A, P and R were partners in a firm. R died on 28th Feb.2011. His share of profits from the closure of the last accounting year till the date of death was to be calculated on the basis of the average profits of these completed years before death. Profit for 2008, 2009 and 2010 were Rs.55,000. Rs.66,000 and Rs.77,000 respectively.

Calculate R's share of profits till his death and pass the necessary journal entry for the same.

14. a) Explain the rule in Garner Vs Murray with suitable examples.

(OR)

b) The following id the balance sheet of X,Y and Z on 31.3.17

Liabilities	Rs.	Assets	Rs.
Capital A/c's		Furniture	40,000
X	50,000	Plant & Machinery	20,000
Y	30,000	Stock	40,000
General Reserve	30,000	Sundry Debtors	20,000
Sundry creditors	40,000	Cash at bank	12,000
		Z's capital	18,000
	1,50,000		1,50,000

Z is insolvent but hid estate pays Rs.4,000. It is decided to dissolve the partnership.
The asset realised as follows :

Sundry debtors Rs.15,000; FurnitureRs.28,000;
Stock Rs.32,000 ;Plant& machinery Rs.14,000
The dissolution expenses amounted to Rs.5,000.

Give accounts to close the books of the firm if the capitals are fluctuated

15. a) The following information relates to Madurai branch

	Rs.	Rs.
Stock on 1.1.17		11,200
Branch debtors on 1.1.17		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 31.12.17		13,600

(OR)

b) From the following particulars, prepare the Departmental Trading and Profit and Loss A/c for the year ending 31-03-2019.

	Dept.X Rs.	Dept.Y Rs.
Stock (01.04.2018)	9,000	8,400
Sales	42,000	36,000
Purchases	27,000	21,000
Direct expenses	5,490	8,520
Postage	360	360
Stock (31.03.2019)	10,800	4,800

Indirect expenses for the entire business were Rs.3,900 which are to be divided in the proportion of sales of the two departments.

SECTION – C (5 X 8 = 40 MARKS)

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

16. a) Atul and Asha are partnerships business sharing profits and loss in the ratio of 1:1. The position of their business as on 31st March, 2018 was as under:

	Rs.			Rs.
Atul's capital	60,000	Land and Building		60,000
Ash's capital	40.000	Furniture		10,000
General Reserve	10,000	Stock		15,000
Sundry creditors	30,000	Debtors	10,000	
Bank A/c	5,000	less: bad debt reserve	500	9,500
		Cash in hand		50,500
	1,45,000			1,45,000

On 1.4.2018 Arjun was admitted as a partner with 1/5th share in future profits. Following are the terms for his admission.

(i) Land and Buildings be valued at Rs.80,000.
(ii) Value of furniture and stock be 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 and doubtful debts increased to Rs.1,000.

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

(OR)

b) The following is the Balance Sheet of Sethi and Sobti who share profits and losses 3/5ths and 2/5ths respectively.

		Rs.			Rs.
Sundry Creditors		1,500	Land & Building		3,500
Reserve Fund		1,000	Plant		4,500
Capital Account:			Stock		3,500
	Rs.		Book Debtors	2,500	
Sethi	8,000		Less: Provision	500	2,000
Sobti	3,500	11,500	Cash at Bank		500
		14,000			14,000

They agreed to admit Mahajan into partnership giving him a fifth share on the following terms:

(a) The value of Land and Building to be increased to Rs. 5,000.
(b) The value of Stock to be increased by Rs. 2,200 and plant to be depreciated by 10 percent.
(c) Goodwill to be values at Rs. 2,000.
(d) provision for Doubtful Debtors to be increased by Rs. 750.
(e) Mahajan to bring in capital to the extent of 1/5th of total of the new firm after adjustment.

Show Ledger entries recording these adjustments and prepare the Balance Sheet of the firm, assuming Mahajan to have brought in the requisite. Also show the calculation for capital to be introduced by Mahajan.

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 31.3.2016 was as follows.

Liabilities	Rs.	Assets		Rs.
Reserve fund	16,000	Building		50,000
Capital A	30,000	Machinery		40,000
B	40,000	Furniture		10,000
C	25,000	Stock		25,000
Loan payable	15,000	Debtors	18,000	
Sundry creditors	25,000	Less: Provision	500	17,500
		Cash		8,500
	1,51,000			1,51,000

'C' retires on 31.3.2016 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.

(OR)

b) Sundar, suresh and sankar were three partners sharing profits and losses in the ratio of 3:2:1 respectively. On 31.3.90 their Balance sheet stood as follows:

Liabilities	Rs	Assets		Rs
Creditors	1,90, 000	Cash at bank		25, 000
Bills payable	50, 000	Debtors	1,60, 000	1,55,000
		Less: Bad debts	5,000	
General reserve	1,20, 000	stock		2,50, 000
Sundar's capital	4,00,000	Machinery		4,30, 000
Suresh capital	3,00, 000	Premises		4,50, 000

Sankar's capital	2, 50 000	
	13,10, 000	13,10, 000

Suresh retires on that date subject to the following adjustment:

i. To raise reserve for bad debts by Rs.19,500.
ii. Goodwill of the firm is to the valued at Rs. 1,80,000.
iii. To depreciate machinery by 10%.
iv. To increase the value of stock to Rs.30, 000.
v. To increase the premises value by 10%.

Sundar and Sankar decided to write off firm's goodwill. Their new profit sharing ratio is 3:2. Prepare Revaluation A/c, Continuing Partner's capital accounts of the Balance Sheet.

18. a) A, B and C were in partnership sharing profits equally. C died on 31st March, 2005.the balance sheet of the firm as at 31st December 2004 was as under:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	15,600	Cash in hand& at bank	4,000
General Reserve	6,000	Debtors	18,000
Investment Fluctuation Fund	2,100	Stocks	28,000
Reserve for doubtful Debts	1,800	Investments (at cost)	8,000
Capital: Rs. A 30,000 B 25,000 C 21,000	76,000	Freehold Property	30,000
		Goodwill	13,500
	1,01,500		1,01,500

On the date of death it was found that:

(1) Freehold property was worth Rs. 57,000;
(2) Debtors were all good;
(3) Stock were valued at Rs. 25,000;
(4) Investment were valued at Rs. 7,500 and were taken over by A at that value;
(5) A liability for workmen's compensation for Rs. 3,000 was to be provided for;
(6) Goodwill was to be valued at one year's purchase of average profits of last 5 years.
(7) C's share of profit up to the date of death was to be calculated on the basis of last year's profit.

The profit of the last 5 years were as under:
2000 Rs. 11,500; 2001 Rs. 12,500; 2002 Rs. 8,000;
2003 Rs. 10,000; 2004 Rs. 12,000.

Prepare: (i) Revaluation Account, (ii) Capital Account of C and (iii) Balance Sheet of the remaining partners.

(OR)

b) P,Q and R carrying on business as merchants and sharing profits and losses in the ratio of 2:2:1, dissolved their firm as on December 31st 2004 on which date their Balance sheet was as follows:

Liabilities	Rs	Assets	Rs
Sundry creditors	20,300	Cash at bank	4,500
Reserve fund	10,000	Stock	16,000
Joint Life Policy Reserve	8,000	Debtors 10,000 Less: Provisions 500	9,500
Capital Accounts: Rs P 15,000	33,000	Joint life Policy	11,000

Q 15,000 R 3,000			
		Premises	30,300
	71,300		71,300

Note: There is a bill for Rs.1,000 under discount. The bill was received from Z.

The assets except Cash at Bank and Joint Life Policy, were sold to a company which paid Rs.65, 000 in cash. The Joint Life Policy, was surrender and Rs.11, 300 were received. Z proved insolvent and a dividend of 50% was received from his estate. Sundry creditors were paid Rs.19, 500 in full settlement. The expenses amounted to Rs.3, 000.

Prepare the Realisation Account, Cash Account and Partners Account.

19.a) Partners A B, and C share profits in the proportion of ½, 1/3 and 1/6. Their Balance Sheet is as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts: Rs. A 30,000 B 30,000 C 20,000	80,000	Assets	80,000
	80,000		80,000

The firm is dissolved and the assets are realised as follows:

First realisation	10,000	
Second realisation	15,000	
Third and final realisation	25,000	50,000

Prepare a statement showing how the distribution should be made applying Garner vs. Murray principle.

(OR)

b) Mr.Kumar filed his petition on 31-12-91 and his statement of affairs was made of the following particulars.

	Rs.
Creditors – fully secured by lien on stock	2,000
Creditors – partly secured by lien on shares	8,00,000
Creditors – unsecured	15,00,000
Mortgage on buildings	2,00,000
Creditors payable in full	60,000
Bills receivable	28,000
Buildings – of the value of	2,20,000
Machinery (Estimated to poduce Rs.2,40,000)	3,00,000
Furniture & Fittings (estimated to produce Rs.90,000)	1,30,000
Debtors (Good – 4,00,000; Doubtful- Rs.2,00,000, Estimated to produce Rs.40,000)	6,00,000
Stock (estimated to produce Rs.9,00,000)	13,00,000
Shares(estimated to produce – in full)	3,20,000
Cash	2,000

Prepare statement of affairs.

20. a)Naga of Trichy has a branch at Madras. Goods are sent by head office at invoice price which is

at the profit of 20% on cost price. All expenses of the branch are paid by head office. From the following particulars, prepare branch account in the H.O. books, showing goods at invoice price.

	Rs.
Opening Balances:	
Stock at invoice price:	11,000
Debtors	1,700
Petty Cash	100
Goods Sent to branch at invoice price	20,000
Expenses paid by H.O.	
Rent	600
Wages	200
Salary	900
Remittance made to H.O	
Cash Sales	2,650
Cash collected from debtors	21,000
Goods returned by branch at invoice price	400
Balances at the end	
Stock at invoice price	13,000
Debtors	2,000
Petty Cash	25

(OR)

b) Mr.Gopa Kumar of Mumbai purchased goods for his three departments as under:

Department A: 400 pieces
B: 1,600 pieces
C: 1,000 pieces
at a total cost of Rs. 4,300

Sales for three departments were:

Department A: 400 pieces at Rs. 15 per piece
B: 1,800 pieces at Rs. 20 per piece
C: 1,200 pieces at Rs. 5 per piece

Other information about stock at the beginning was:

Department A: 200 pieces
B: 500 pieces
C: 300 pieces

Mr. Gopa Kumar inform you that the rate of gross profit is the same for all departments. Prepare Department Trading Account.

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