

Reg. No. : .....

Name : .....

**Fourth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,  
November 2019**

**Paper II : ADVANCED FINANCIAL ACCOUNTING**

Time : 3 Hours

Max. Marks : 80

I. Answer any **five** questions. Each question carries **2** marks :

1. What is Revaluation Account?
2. Define goodwill.
3. What is gaining ratio?
4. Define Branch Accounting.
5. What do you mean by Dissolution?
6. What is fixed capital?
7. What is bad debt?

**(5 × 2 = 10 Marks)**

II. Answer any **four** of the following. Each question carries **4** marks :

1. Explain the characteristics of partnership.
2. Write about admission of a partner.

3. Write about stock and debtors system in branch accounting.
4. Arun withdraws ₹ 4,000 p.m. during 2018 in anticipation of profit. Interest on drawings is charged at 12% p.a. Calculate interest on drawings in the following cases :
  - (a) Monthly drawings on the first day of every month
  - (b) Monthly drawings at the end of every month
5. R and M are in partnership sharing profits and losses in the ratio of 3 : 2. They admit G into partnership who pays ₹ 40,000 for his capital and ₹ 5,000 as goodwill for a sixth share in the future profits.

Show the journal entries necessary to record the above.

**(4 × 4 = 16 Marks)**

III. Answer any **four** questions. Each carries **6** marks :

1. What do you mean by Premium brought in kind?
2. Explain the difference between fixed capital and fluctuating capital methods.
3. What are the different methods of valuation of goodwill?
4. Calculate the value of goodwill on the basis of 2 years purchase of the average profit of three years. Profit were ₹ 30,000, ₹ 40,000 and ₹ 35,000.
5. A and B are partners sharing profits and losses in the ratio 3 : 2. They admit C into partnership by giving him  $\frac{1}{5}$ <sup>th</sup> share. Calculate the sacrificing ratio.

**(4 × 6 = 24 Marks)**

IV. Answer any **three** questions. Each question carries **10** marks :

1. The Kanpur Shoe Company opened a branch at Delhi on 1<sup>st</sup> April 2013. From the following figures, prepare necessary accounts for the year ended 31<sup>st</sup> March 2014 and Delhi Branch account for the year ended 31<sup>st</sup> March 2015 :

	2013-14	2014-15
	(₹)	(₹)
Goods sent to Delhi branch	2,15,000	6,45,000
Cash sent to Branch for		
Rent	31,800	31,800
Salaries	33,000	45,000
Other expenses	11,200	21,600
Cash received from branch	3,24,000	8,60,000
Closing stock	32,300	65,800
Closing petty cash in hand	1,040	2,030

2. The following is the Balance Sheet of C and D. Who were sharing profits and losses in the ratio of 3 : 2 as on 31<sup>st</sup> Dec. 2017 :

Balance Sheet			
Liabilities	Rs.	Assets	Rs.
Creditors	15,000	Cash balance	3,000
Bills payable	7,000	Debtors	12,000
Reserve	6,000	<u>Less</u> provision	<u>1,000</u>
Capitals :		Stock	16,000
C :	18,000	Furniture and fixtures	12,000
D :	<u>16,000</u>	Machinery	20,000
	<u>62,000</u>		<u>62,000</u>

This firm is dissolved as on 31<sup>st</sup> Dec. 2017.

The assets realised as follows :

Debtors	10,000
Stock	15,000
Furniture and fixtures	11,000
Machinery	26,000

Creditors were paid at a discount of 5%. The realisation expenses amounted to ₹ 1,400. Prepare ledger accounts.

3. A and B are partners in a firm sharing profits and losses in the ratio of 2 : 1 respectively. On 31<sup>st</sup> Dec. 2017, their Balance Sheet is as follows :

Liabilities	Rs.	Assets	Rs.
A's capital	1,60,000	Buildings	80,000
B's capital	1,20,000	Furniture	24,000
General Reserve	96,000	Stock	48,000
Creditors	64,000	Debtors	2,40,000
		Cash at Bank	48,000
	<u>4,40,000</u>		<u>4,40,000</u>

It was decided to admit C into the firm subject to the following terms and conditions :

- C will bring in ₹ 84,000 of which ₹ 36,000 will be treated as his share of goodwill to be retained in the business.
- C will be entitled to 1/4<sup>th</sup> share of profits.
- ₹ 9,000 is to be provided for doubtful debts.
- Depreciation on furniture is to be provided @ 5%.
- Stock is to be revalued at ₹ 42,000.

You are required to prepare the necessary ledger accounts and the Balance Sheets of the firm after the admission of C from the above information.

4. Explain the different modes of dissolution of firm.

(3 × 10 = 30 Marks)