

Reg. No. :

Name :

Fourth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
March 2025

Paper II — ADVANCED FINANCIAL ACCOUNTING

(2013 – 2019 Admission)

Time : 3 Hours

Max. Marks : 80

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

1. What do you mean by sacrificing ratio?
2. What is partnership account?
3. What is a branch?
4. What is debtor system?
5. What is dissolution?
6. Who is a partner?
7. What are the features of partnership?

(5 × 2 = 10 Marks)

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

1. How will you deal with the dissolution expenses in the following cases?
 - (a) Realisation expenses amounting to Rs. 9,900
 - (b) Realisation expenses of Rs. 2,970 are paid by A

P.T.O.

- (c) Realisation expenses are to be borne by A for which he will be paid Rs. 6,930. The actual expense incurred by A were Rs. 11,880
- (d) A was asked to look into the dissolution of firm which he was allowed a commission of Rs. 5,445.
2. A and B were partners sharing profits and losses as to 7/11th to A and 4/11th to B. they dissolved the partnership on 30th June 2000. As at that date their capitals were A – Rs. 41,300 and B – 23,600. There were also due on loan A/c to A Rs. 26,550 and to B Rs. 4,425. The other liabilities amounted to Rs. 29,500. The assets proved to have been undervalued in the last Balance Sheet and actually realised Rs. 1,41,600. Prepare realisation A/c.
3. What is undistributed profit?
4. What do you mean by realisation a/c?
5. What are the features of branch a/c?
6. Write about branch accounts.

(4 × 4 = 16 Marks)

III. Answer **any four** questions. Each carry 6 marks.

1. Write a note on partnership a/c.
2. Goods are invoiced to a newly opened branch by HO at Rs. 19,200 so as to give 25% profit on cost. From the following particulars, prepare branch a/c and find out the profit.
- | | |
|--------------------------------------|--------|
| (a) Credit sales | 18,460 |
| (b) Cash received from debtors | 12,860 |
| (c) Expenses paid by HO | 2,000 |
| (d) Cash sales | 5,000 |
| (e) Stock at the end (invoice price) | 4,000 |
3. Differentiate between revaluation and realisation.
4. Which are the different methods for valuing goodwill?

5. X, Y and Z are the partners sharing in the ratio of 3:1:1. Their Balance Sheet as on 31st Dec. 2000 was as under :

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		P/L A/c	2,500
X	12,500	Sundry Assets	27,500
Y	7,500		
Z	5,000		
Reserve Fund	5,000		
	<u>30,000</u>		<u>30,000</u>

Z retires on 1st January, 2001. Pass necessary Journal entry regarding accumulated profit or loss, if any.

6. X, Y and Z were partners sharing profit and losses in the ratio of : 1/5, 2/10, 6/10. Y retired on 1 October 2002 on which date the Capital of X, Y and Z after all necessary adjustments stood at Rs. 2,00,625, Rs. 1,56,250 and Rs. 1,43,125 respectively. X and Z continued to carry on the business for six months without settling the account Y. During the period of six months from 1.10.2002 a profit of Rs. 31,250 is earned by the use of the firm's property. State which of the two options available under Section 37 of the Indian Partnership Act 1932 should be exercised by Y.

(4 × 6 = 24 Marks)

IV. Answer **any three** questions. Each carry **10** marks.

1. Ashok and Kishore were partners in a firm sharing profits and losses in the ratio of 3 : 2 respectively. The following is the Balance Sheet of the firm as on 31st December 2002 :

Balance Sheet

(as on 31st December 2002)

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	30,000	Cash	2,000
Bills Payable	20,000	Bank	28,000

Liabilities	Amount Rs.	Assets	Amount Rs.
Capitals:		Debtors	30,000
Ashok	60,000	Less : Provision	2,000
Kishore	40,000	Stock	15,000
		Plant	33,000
		Buildings	44,000
	<u>1,50,000</u>		<u>1,50,000</u>

They agreed to admit Vinod with effect from 1st January, 2003 with $\frac{1}{4}$ th share in the profits on the following terms :

- Vinod will bring in capital to the extent of $\frac{1}{4}$ th of the capital of the new firm after all adjustments have been made.
 - Buildings are to be appreciated by Rs. 6,000 and plant to be depreciated by Rs. 3,000.
 - The provision for debtors is to be raised to Rs. 3,000.
 - The goodwill of the firm was valued at Rs. 30,000. Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm immediately after Vinod's admission.
2. The Balance Sheet of a firm on 30th June, 2002, written was decided to dissolve the same, was as follows :

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	14,000	Machinery	10,580
Reserve for Contingencies	500	Stock	4,740
Capital Accounts :		Debtors	5,540
Sobers	4,000	Cash at Bank	640
Solomon	3,000		
	<u>7,000</u>		
	<u>21,500</u>		<u>21,500</u>

Rs. 19,500 were realised from all assets except Cash at Bank. Creditors were fully paid. The cost of winding up came to Rs. 440.

Sobers and Solomon shared profits in the ratio of 2:1 respectively

Prepare Realisation Account, Capital Accounts of partners and Bank A/c.

3. Wasim, Owais and Jack are partners sharing profits in the ratio of their capitals. Owais retired from the firm on 31.12.2002 the date on which the Balance Sheet of the firm was as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors	1,08,000	Cash	1,45,800
Bills Payable	81,000	Debtors	1,62,000
Capital :		Less : Provision	10,800
Wasim	8,10,000	Stock	2,70,000
Owais	6,48,000	Fixed Assets	15,66,000
Jack	4,86,000		
	<u>19,44,000</u>		
	<u>21,33,000</u>		<u>21,33,000</u>

The following adjustments were made :

- Fixed Assets appreciated by 20%.
- Stock depreciated by 10%.

- (c) Goodwill of the firm be valued at Rs. 3,24,000 and Owais's share will be adjusted into the Capital Accounts of Wasim and Jack without opening Goodwill A/c.
- (d) New profit-sharing ratio of Wasim and Jack is decided to be 3:2.

Give the partners' Capital Accounts and the Balance Sheet of the firm after Owais's retirement.

4. What is goodwill? Which are the different methods of valuing goodwill?

(3 × 10 = 30 Marks)

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