

Reg. No. :

Name :

**Third Semester B.B.A. LL.B. (Five Year Integrated) Degree Examination,
October 2025**

Paper II – FINANCIAL ACCOUNTING

(2013 Admission Onwards)

Time : 3 Hours

Max. Marks : 80

I. Explain **any five** of the following in not more than **60** words. **Each** question carries **2** marks.

1. Fixed capital
2. Sacrificing Ratio
3. Goodwill
4. Reserves
5. Partnership Deed
6. Forfeiture of shares
7. Calls in arrear

(5 × 2 = 10 Marks)

II. Answer **any four** questions. **Each** question carries **4** marks.

8. Explain the features of Partnership.
9. Write about the treatment of goodwill in the case of admission of a Partner.
10. What is revaluation account?
11. What is Pro-rata allotment?

P.T.O.

12. A, B and C are partners sharing profits and losses in 3 : 2 : 1. Calculate the new ratio, sacrificing and gaining ratio if C acquires $\frac{1}{6}$ th share from A.
13. A firm earned the following for the last 4 years. 2015 – ₹ 80,000, 2016 – ₹ 75,000, 2017 – ₹ 90,000. 2018 – ₹ 55,000/-

Normal rate of return as per industry standard is 10% value of total asset. (Without goodwill) is ₹ 9,00,000. Total outside liabilities are ₹ 2,20,000. Find out the value of goodwill according to capitalization of Super Profit Method.

(4 × 4 = 16 Marks)

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

14. Explain about revaluation of assets and liabilities in the case of retirement of a Partner.
15. Explain the reasons for Dissolution of firms.
16. What are the different types of Share Capital?
17. XYZ Ltd issued 30,000, equality shares of ₹ 10/- each. Payable as follows :

On application ₹ 3 (15th Feb. 2017)

On allotment ₹ 5 (1st April. 2017)

On first and final call ₹ 2 (1st July 2017)

The shares were fully subscribed by the public. A shareholder to whom 400 shares were allotted failed to pay the first and final call money on the due date. However, he had remitted unpaid calls money on 1st Nov. 2017 with interest at 5% p.a.

Pass necessary journal entries in the books of the company.

18. A, B and C are partners in the ratio of 5 : 3 : 2. B retires from the firm. Compute the new gaining ratio. From the following information prepare a P and L a/c of XYZ Ltd for the year ending 31st Dec. 2019.

	₹		₹
Gross profit	12,000	Advertising	850
Salaries	4,500	Discount allowed	500
Stationary	250	Discount received	700
Insurance	200	Interest received	1,000
Carriage on sales	450	Bad debts	200
Commission paid	800		

(4 × 6 = 24 Marks)

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

19. From the following Trial Balance, prepare a Trading and Loss account for the year ended 31st Dec. 2019 and a Balance Sheet as on that date.

	Dr.	Cr.
Capital		17,500
Drawings	2,450	
Bills receivable	3,500	
Furniture	5,000	
Purchases	60,000	
Returns	640	360
Stock on 1 st Jan, 2019	12,000	
Duty and cleaning charges	450	
Salaries	8,900	
Wages	7,500	
Carriage	250	
Insurance (including annual Premium of ₹ 300 on policy which expires on 30 th June 2018)	800	
Printing and Stationery	650	
Investments	6,000	
Cash in hand	275	
Cash at bank	9,295	
Sundry debtors and creditors	24,000	20,500
Bad debts	350	
Sales		1,03,000
Interest on Investments		400
Provision for bad debts		300
	<u>1,42,060</u>	<u>1,42,060</u>

Adjustments :

- Stock on 31st Dec. 2019 was valued in ₹ 17,000
- Increase the provision for bad debts to ₹ 700
- Stock valued at ₹ 2,600 was destroyed by fire on 24th Dec. 2019, but the insurance company admitted a claim for ₹ 2,000 only.
- Depreciate furniture by 5%
- Interest on investments for 6 months ₹ 400 is due.

20. A and B are partners sharing profits and losses in the proportion of $\frac{3}{4}$ and $\frac{1}{4}$. Their Balance Sheet on 31.12.2019 was as follows :

Liabilities		Amount	Asset		Amount
Creditors		41,500	Cash at Bank		22,500
Provident fund		6,000	Debtors		20,000
Reserve fund		8,000	Stock		22,000
Capitals :			Furniture		3,000
A	30,000		Buildings		30,000
B	<u>16,000</u>	46,000	Ad. Suspense A/c		<u>4,000</u>
		<u>1,01,500</u>			<u>1,01,500</u>

On 1.1.2020, they take C into Partnership with $\frac{1}{5}$ share on the following terms :

- C is to pay ₹ 5,000 for goodwill. Half of the amount of goodwill is to be withdrawn by A and B.
- Stock and furniture are to be reduced by 10% each and 5% reserve is to be created for doubtful debts on debtors.
- Buildings to be appreciated by 20%
- A liability of ₹ 1,000 is to be created for damages against the firm.
- An item of ₹ 600 included in creditors, not to be paid.

Give necessary ledger accounts and Balance Sheet of the new firm.

- Explain the different methods of valuation of Goodwill.
- Explain the purpose for which share premium can be utilized by a company.

(3 × 10 = 30 Marks)