

Reg. No. :

Name :

**Fourth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
April 2022**

Paper II : ADVANCED FINANCIAL ACCOUNTING

Time : 3 Hours

Max. Marks : 80

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

1. Define partnership.
2. What do you mean by admission of a partner?
3. What is goodwill?
4. What do you mean by branch accounts?
5. What is realisation a/c?
6. What is gaining ratio?
7. What is capital?

(5 × 2 = 10 Marks)

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

1. What do you mean by ESCROW A/c?
2. Write proforma of Branch Stock A/c?
3. Write notes on goods in transit.

P.T.O.

4. A, B and C are partners sharing profits and losses in the ratio of 4:3:2 respectively. B retires, selling his share of profit to A and C for Rs. 54,000, Rs. 13,500 being paid by A and Rs. 40,500 being paid by C. The profit of the firm after B's retirement is Rs. 2,43,000. Distribute the above profit between A and C, showing how you arrive at the same.
5. A, B and C are partners sharing profits and losses in the ratio of 4:3:1 respectively. B retires, selling his share of Profit to A and C for Rs. 28,350, Rs. 12,600 being paid by A and Rs. 15,750 being paid by C. The profit of the firm after B's retirement is Rs. 36,750. Distribute the above profit between A and C showing how you arrive at the same.
6. Why sacrificing ratio is calculated at the time of admission of partners?

(4 × 4 = 16 Marks)

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

1. What is partnership deed? State its content.
2. Which are the circumstances where goodwill is valued?
3. 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. From the following particulars, prepare Kottayam Branch A/c as on 31.03.2017.

(a) Stock (1.4.2016)	30,000
(b) Debtors (1.04.2016)	12,000
(c) Petty cash (1.04.2016)	200
(d) Goods sent to branch	50,000
(e) Goods returned to H.O	600

(f) Cash sales	30,000
(g) Credit sales	42,000
(h) Sales returns	250
(i) Branch expenses paid by H.O	3,000
(j) Discount allowed	100
(k) Bad debts written off	300
(l) Petty cash sent to branch	500
(m) Petty expenses at branch	400
(n) Furniture purchases at branch	1,000
(o) Stock (31.03.2017)	12,500

5. In which all circumstances, court will issue order for dissolution of the firm?

(4 × 6 = 24 Marks)

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

1. A and B are Partners of a firm. They admit C for 1/3rd share. Their Balance Sheet as on March 31, 2002 was as under:

Liabilities	Amount	Assets	Amount
Creditors	20,000	Goodwill	12,000
Employee Provident Fund	8,000	Buildings	40,000
Bills Payable	6,000	Machinery	28,000
General Reserve	12,000	Furniture	6,000
Capital Accounts:		Stock	26,000
A 60,000		Book Debts	22,000
B 40,000		Cash	12,000
	<u>1,46,000</u>		<u>1,46,000</u>

On C's admission it was agreed:

- (a) C should bring 1,00,000 as capital and Rs. 5,000 as his share of goodwill.
- (b) Goodwill appearing in the books should be written off.
- (c) Provision for loss on stock and provision for bad debts is to be made at 10% and 5% respectively.
- (d) The value of building is to be taken at Rs.50,000.

Total capital of the firm has been fixed at Rs. 3,00,000 and the Partners Capital Accounts are to be adjusted in the profit sharing ratio. Any excess is to be transferred to Current Accounts and deficit is to be brought in cash.

Prepare Revaluation A/c, Partners' Capital Accounts and Balance Sheet.

2. A, B and C are partners sharing profit and losses in the ratio of 5:3:2. The firm has joint life policy for Rs. 40,000. The annual premium of Rs. 2,400 is regarded as an ordinary business expense. C died on 1.9.2000 and the claim is raised on 1.1.2001. Pass journal entries
3. P, Q and R are partners sharing profits and losses $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. It is laid down in their partnership agreement that a retiring partners share of goodwill is to be taken at two years' purchase of the average profits of the last three years. Q retires and the profits of the last three years amounted to Rs. 15,900, Rs. 12,300 and Rs. 17,700. Ascertain Q's share of Goodwill and pass the Journal entry necessary for the same, It being agreed between P and R that they continue to share in the same proportion as before and that no Goodwill Account is to be raised.
4. What do you mean by partners capital a/c? What do you mean by fixed capital method and fluctuating capital methods?

(3 × 10 = 30 Marks)