



Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)
Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Supplementary Examination – June/July 2021
II Semester

Class : 2018 Batch
Major : Commerce

Time : 3 Hours
Max.Marks : 100

18BCOC04 – FINANCIAL ACCOUNTING II

Part-A
Choose the correct answer

10 x 1=10

1. Income and Expenditure Account reveals
 - a. cash in hand
 - b. surplus or deficiency
 - c. capital account
 - d. net profit or net loss
2. Not-for-profit organization institutions prepare
 - a. Profit and loss account
 - b. manufacturing account
 - c. balance sheet
 - d. income and expenditure account
3. Epoque method of calculation of interest is the reverse of the
 - a. product method
 - b. periodic balance method
 - c. interest numbers method
 - d. interest tables method
4. If partnership deed is silent on the point, interest allowed on partners' capital accounts will be
 - a. 6% per annum
 - b. 5% per annum
 - c. 8% per annum
 - d. 9% per annum
5. Revaluation account is a
 - a. nominal account
 - b. real account
 - c. personal account
 - d. none of these
6. Goodwill brought in by an incoming partner in cash to join a partnership firm is shared by the old partners in their
 - a. Ratio of capitals
 - b. New profit sharing ratio
 - c. Ratio of sacrifice
 - d. Old profit sharing ratio
7. The balance of memorandum revaluation account is transferred to capital accounts of all partners at
 - a. Old profit sharing ratio
 - b. new profit sharing ratio
 - c. Sacrificing ratio
 - d. capital ratio
8. Realisation account is prepared at the time of
 - a. Dissolution of firm
 - b. Dissolution of partnership
 - c. Admission of a partner
 - d. None of the above
9. Which accounts will get affected by preparing memorandum revaluation account
 - a. Capital & cash account
 - b. Asset account
 - c. Liabilities account
 - d. Capital & Liabilities account
10. At the time of dissolution of the firm, if goodwill appears in the balance sheet, it is transferred to
 - a. realisation account
 - b. revaluation account
 - c. partner's capital account
 - d. capital account

Part B**5 X 6=30****Answer the following
Answer should not exceed 400 words or two pages**

11. a. Distinguish between Profit and Loss Account and Income & Expenditure Account.

(or)

11. b. A Golf Club has kept its accounts on cash basis and the figures for 2015 are given below. You are required to prepare receipts and payments account for the year.

Particulars	Amount Rs	Particulars	Amount Rs
Entrance fees received	2,500	Secretary's Honorarium	1,500
Subscriptions received	19,800	Cash in Hand(at 1-1-2015)	2,350
Green fees received	600	Locker rent received	500
Expenses paid	27,250	Cost of investment bought during the year	1,100
Surplus on Bar Account	7,500		

12. a. On April 1, 2015, Arun owed Rs. 10,000 to Dinesh on account. During the three months ended June 31, 2015, the transactions were as follows in the books of Dinesh:

Date	Particulars	Amount Rs
April 10	Received 2 bills for 2 months and 3 months respectively from Arun(Rs.2,000 each)	8,000
April 20	Met a bill for 2 months (due this day) drawn by Arun on February17, 2015	2,000
May 9	Paid cash to Arun	2,000
May 19	Received from Arun	2,000
June 1	Sold goods to Arun	2,000
June13	Arun's acceptance due this day dishonoured	

Prepare account current to be rendered to Arun on June 31, interest to be reckoned at 9% p.a.

(or)

12. b. M/s. Sham & Co. draw upon M/s Pradeep & Co. several bills of exchange due for payment on different dates, find out the average due date.

Date of Bill	Amount Rs	Tenure of Bill
15 th June	22,000	3 months
12 th July	21,000	4 months
2 st August	7,000	1 month
20 th August	8,000	2 months

13. a. Distinguish between fixed capital accounts and fluctuating capital accounts?

(or)

13. b. On 1st January, 2015, X, Y and Z commence a business in partnership. X puts in Rs. 30,000 at first but withdraws Rs. 10,000 at the end of six months. Y introduces Rs. 25,000 at first and increases it to Rs. 30,000 at the end of four months but withdraws Rs. 10,000 at the end of eight months. Z brings in Rs.25,000 at first but increases it by Rs.20,000 at the end of seven months.

14. a. Give journal entries to record the following arrangements in the books of the firm.

i) A and B are partners sharing profits in the ratio of 3:2 C is admitted paying a premium of Rs. 2,000 for 1/4th share of profits, shares of A and B remaining as before. No goodwill account appears in the books.

ii) A and B are partners sharing profits in the ratio of 3:2. C is admitted paying a premium of Rs.2,400 for 1/4th share of profits which he acquires 1/6th from A and 1/12th from B. No goodwill appears in the books.

(or)

14. b. X, Y and Z were partners sharing profits in the ratio of 2:2:1. Z retires and his share was taken up by X and Y in the ratio of 3:2. Calculate the gaining ratio of X and Y.
15. a. Write the difference between dissolution of firm and dissolution of partnership.
(or)
15. b. Explain the various modes of dissolution.

Part C **5 x 12=60**
Answer the following
Answer should not exceed 800 words or four pages

16. a. Distinguish between Income & Expenditure Account and Receipts & Payments Accounts.
(or)
16. b. Mary sports club provide the following information, prepare an Income and Expenditure Account and a Balance Sheet as at 31st March, 2015.

BALANCE SHEET

as on 31st March, 2014

Liabilities	Amount Rs	Assets	Amount Rs
Outstanding Rent	850	Cash at Bank	6,000
Capital Fund	31,150	Government Securities	20,000
		Accrued Interest	250
		Outstanding Subscription	800
		Library Books	2,000
		Furniture and Fittings	2,950
	31,900		31,900

The transactions for the year were:

Receipts: Subscription Rs.5,000; Proceeds received from Entertainment and Lectures Rs.2,000; Interest on Securities Rs.875; Entrance fees received Rs.1,000; Sale Proceeds of old chairs Rs.150(Book Value Rs.200).

Payments: Rent Rs.1200; Printing Rs.300; Advertising Rs.400; Sundries Rs.110; Government Securities Rs.5,000; Furniture Rs. 800; Library Books Rs.600; Cost of Entertainment Rs.1,500.

Following were outstanding as on 31st March , 2015; Printing Rs. 150; Rent Rs.200; Interest on securities Rs. 300 and Subscription Rs.650.

17. a. Mr. Vastava opened a bank account on 1st March, 2015 with a deposit of Rs. 8,000. He pays in as follows:

20th March, Rs 2,000; 10th April Rs 5,000; 15th May Rs 4,000, 10th June, Rs. 10,000; 27th June, Rs 4,000.

He draws out as below:

25th March, Rs 11,000; 10th April Rs 2,000; 25th April, Rs 5,000.

A bill for Rs. 5,000 discounted with the bank on febraury 15, 2015 by Mr.Vastava is dishonoured on the due date on 17th May, 2015.

The bank debits Mr.Vastava with Rs.25 as bank charges on 30th June, 2015.

Calculate the bank interest counting 10% on the customer's debit balances and 4% p.a. on credit balances and close the account on 30th June, 2015.

(or)

17. b. P,Q and R are in partnership and during the year 2015 earn Rs.93,000, P and Q are entitled to 5% per annum interest on their capitals of Rs.70,000 and Rs.1,10,000 respectively; while R, who has no capital in the firm is entitled to a salary of Rs.15,000 per annum. R is also entitled to a commission of 5% on the profits after charging interest, salary and commission.

It is further agreed that the residue of profits should be appropriated as to 15% for a charity fund and the balance shared equally by P and Q.

Prepare Profit and Loss Appropriation Account and Partners Capital and Current Accounts for the year 2015, if the drawings of the partners during the year were: P Rs.12,000; QRs.10,000; R Rs 10,000.

18.a. Describe the features of partnership.

18.b. Explain the methods of valuation of goodwill.

19 a. Messers A,B and C is a firm sharing profits and losses in the ratio of 2:2:1 their balance sheet as on 31st March,2015 is as below:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry creditors	12,850	Land and Buildings	25,000
Outstanding liabilities	1,500	Furniture	6,500
General Reserve	6,500	Stock of goods	11,750
Capital Accounts: Rs.		Sundry Debtors	5,500
A: 12,000		Cash in Hand	140
B: 12,000		Cash at Bank	960
C: 5,000	29,000		
	49,850		49,850

The partners have agreed to take D as a partner with effect from 1st April, 2015 on the following terms:

1. D shall bring Rs.5,000 towards his capital.
2. The value of stock should be increased by Rs.2500.
3. Provision for bad and doubtful debts should be provided at 10% of the debtors.
4. The furniture depreciated by 10%.
5. The value of land and building should be enhanced by 20%.
6. The value of goodwill is Rs.15,000 and is to be adjusted towards capital account.
7. General reserve will be transferred to Partners' Capital accounts.
8. The new Profit Sharing ratio shall be A: 5/15; B: 5/15; C:3/15 and D: 2/15.

The outstanding liabilities include Rs.1,000 due to E which has been paid by A. Prepare Revaluation Account, Capital Account and Balance sheet of the firm.

(Or)

19. b. on 31st March 2015, the capital accounts of three partners, namely X,Y and Z stood at Rs.8,00,000, Rs.6,00,000 and Rs.4,00,000 respectively after making adjustments for profit for the year and drawings during the year.. Subsequently, it was discovered hat interest on capital and on drawing had been omitted to be charged both being @ 5% per annum. The drawing during the year were X: Rs.5,000; Y: Rs.3,600 and Z: Rs.2,000. The profit for the year amounted to Rs.12,00,000 to be distributed among X,Y and Z in the ratio of 3:2:1 respectively. You are required to prepare –

- i) Statement showing capital as on 1st April,2014.
- ii) Profit and Loss Adjustments Accounts.

- iii) Partners Capital Account, showing the amended closing balance as on 31st March,2015.

20.a.. On 31st March,2015 Balance sheet of P,Q and R Sharing Profits and losses in proportion to their capitals stood as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital Accounts:		Land and Building	30,000
P	20,000	Plant and Machinery	20,000
Q	30,000	Stock of Goods	12,000
R	20,000	Sundry Debtors	11,000
Sundry Creditors	10,000	Cash and bank balances	7,000
	80,000		80,000

on 1st April,2015, P desired to retire from the firm and remaining partners decided to carry on the business was agrees to revalue the assets and liabilities on that date on the following basis:

- i) land and building be appreciated by 20%
- ii) Plant and Machinery be depreciated by 20%
- iii) Stock of goods to be valued at Rs.10,000
- iv) old credit balances of sundry creditors Rs.2,000 be written back
- v) provision for bad debts should be provided at 5%
- vi) Joint policy of the partners surrendered and cash obtained Rs.7,550
- vii) Goodwill of the entire firm is valued at Rs.14,000 and P's share of the goodwill is adjusted in the Accounts of Q and R, who would share the future profits equally. No goodwill account being raised.
- viii) The total capital of the firm is to be the same as before retirement. Individual capitals are in their profit sharing ratio.
- ix) Amount due to Mr.P is to be settled on the following basis:
50% on retirement and the balance 50% within one year.
Prepare Revaluation Account, Capital Account and Balance sheet of the new firm Q & R as on 1.4.2015.

(or)

20.b. On 31st March, 2015 the balance sheet of M/s. A,B & C Sharing profits and losses in proportion to their capitals, stood as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital Accounts:		Land and Building	2,00,000
A	2,00,000	Machinery	3,00,000
Q	3,00,000	Stock of Goods	1,00,000
R	2,00,000	Sundry Debtors	1,00,000
Sundry Creditors	10,000	Cash and bank balances	1,00,000
	8,00,000		8,00,000

- i) land and building be appreciated by 30%, ii) Machinery be depreciated by 20%, iii) Stock of goods to be valued at Rs.75,000, iv) old credit balances of sundry creditors Rs.20,000 be written back, v)provision for bad debts should be provided at 5%, vi) Joint policy of the partners surrendered and cash obtained Rs.80,000, vii) Goodwill of the entire firm is valued at Rs.1,40,000 and A's share of the goodwill is adjusted in the Accounts of B and C, who would share the future profits equally. No goodwill account being raised,viii) The total capital of the firm is to be the same as before retirement. Individual capitals are in their profit sharing ratio.

Amount due to Mr.A is to be settled on the following basis: 50% on retirement and the balance 50% within one year. Prepare Revaluation Account, Capital Account and Balance sheet of the new firm B & C as on 1.4.2015.
