

Reg. No.....

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B.COM. (CBCS) DEGREE SPECIAL SUPPLEMENTARY EXAMINATION, APRIL 2020

FOURTH SEMESTER

COMMERCE - MAIN

ADVANCED FINANCIAL ACCOUNTING - II

(For those who joined in July 2016 Onwards)

Time: Three hours

Maximum: 75 marks

Part - A (10 X 1 = 10 marks)

Answer all questions, choose the correct answer

1. Guarantee by one of the partners to distribute the profit among the partner's in the _____ sharing ratio
a) Usual Profit b) Loss c) Profit d) New Profit.
2. A Partner is admitted into the firm on the basis of old partners giving guarantee to the incoming partners is called _____
a) New Profit b) Guarantee of Profit c) Old Profit d) None.
3. When a new partner is admitted the combined shares of the old partners are :
a) reduced b) increased c) Same d) none of these.
4. Purchased goodwill arises when : _____
a) one business buys another
b) a value is placed on goodwill in case of a partnership firm
c) Revaluation
d) none of these
5. Joint life policy A/c after the maturity of the policy should be transferred to the capital accounts of the partners in : _____
a) New Profit sharing ration b) Capital ratio c) Old ratio d) None
6. Joint life policy amount received from insurance company in excess of its surrender value is credited to the capital account of the partners : _____
a) in profit sharing ratio b) in capital ratio c) equally d) None
7. Under Garner Vs Murray Rule the insolvency loss should be borne by solvent partners according to _____
a) Capital ratio b) Profit sharing ratio
c) Final claims ratio d) Maximum loss ratio
8. Upon dissolution, a liability taken over by a partner is to be credited to _____
a) P & L A/c. b) partner's capital A/c.
c) Realisation A/c d) None of the above.
9. At the time of amalgamation, profit on revaluation of assets will be transferred to : _____
a) Partners' capital A/c. b) P & L A/c.
c) P & L Appropriation A/c. d) None of the above.
10. The assets, liabilities and capital accounts of the amalgamating firm are closed by opening : _____
a) Realisation A/c. b) Revaluation A/c.
c) New firm's A/c. d) None of the above.

Continuation Sheet

Part - B (5 x 5 = 25 Marks)

Answer ALL questions, choosing either (a) or (b)

Each answer should not exceed 250 words.

11. A. Write a Note on Guarantee by the firm.

(or)

B. Give the steps to be followed by guarantee by one of the partners.

12. Prem and Chandra share profits in the ratio of 7 : 3. Rama was admitted as a partner. Prem surrendered $\frac{1}{7}$ th of his share and Chandra $\frac{1}{3}$ of his share in favour of Rama. Calculate new ratio.

(or)

A and B are partners sharing profits in 3 : 2 Ratio. C is admitted for $\frac{1}{5}$ share which he acquires equally from both A and B. Find out the new ratio of partners.

13. A. Distinguish between Sacrificing ratio and gaining ratio (Gaining)

(or)

B. Note on a) Payment to the Retiring Partner, b) Payment in Instalments.

14. A. Explain the Concept of Compulsory Dissolution.

(or)

B. Write a various causes by dissolution by Court.

15. A. Write a benefits of Amalgamation of firm.

(or)

B. List out the various forms of Amalgamation.

Part - C (5 x 8 = 40 Marks)

Answer ALL questions, choosing either (a) or (b)

Each answer should not exceed 600 words.

16. A. Write the meaning and Journal entries for partner's salary and commission.

(or)

B. Show how the following items will appear in the Capital Accounts of the partners, Babu and Gopu when their capitals are fluctuating :

	Babu Rs.	Gopu Rs.
Capital on 1.1.87	8,00,000	7,00,000
Drawings during 1987	1,60,000	1,40,000
Interest at 5% on drawings	4,000	2,000
Shares of Profits for 1987	84,000	66,000
Interest on Capital at 6%	48,000	42,000
Salary	72,000	Nil

17. A. What are all the factors affecting the value of goodwill.

(or)

B. Ramu and Gopu are partners sharing profits in the ratio of 2 : 1. Following is the Balance Sheet of the firm as on 31.03.2011.

Liabilities	Rs.	Assets	Rs.
Wages due	5,000	Cash in hand	22,000
Sundry Creditors	48,000	Cash at Bank	2,000
Capital A/c		Debtors	30,000
Ramu	60,000	Less : Provision	2,000
Gopu	35,000		-----
			28,000
		Bills Receivable	12,000
		Stock	18,000
		Investments	12,000
		Furniture	4,000
		Buildings.	50,000
	1,48,000		1,48,000

Continuation Sheet

On 1.4.2011 Somu was admitted as a partner. Somu brings in Rs.25,000 as Capital for $\frac{1}{4}$ th share in profits.

- (i) Provision for doubtful debts be increased to Rs.3,500
 - (ii) Furniture be reduced to Rs.3,500
 - (iii) Buildings be increased by Rs.10,000
 - (iv) An investment of Rs.1,500 not received in the books, now brought into account.
 - (v) A contingent liability of Rs.800 has become a certain liability. It has been agreed among the partners that assets and liabilities are to be shown at old values.
- Prepare Memorandum Revaluation A/c. and new Balance Sheet after admission.

18. A. Discuss the modes of payment to the retiring partners settlement.

(or)

B. How do you treat "Joint Life Policy" when a partner is dead?

19. A. Write a journal entries for dissolution of a firm

(or)

B. P, Q and R share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$. On the date of dissolution their Balance Sheet was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry Assets	40,000
P's Capital	10,000		
Q's Capital	10,000		
R's Capital	6,000		
	40,000		40,000

The assets realized Rs.35,500/-. Creditors were paid in full. Realisation expenses amounted to Rs.1,500. Close the books of the firm.

20. A. Write the various books closed at the time of Amalgamation of a firm.

(or)

B. Red, White and Blue are in partnership. The following is their Balance Sheet as at 31.12.85 on which date, they dissolved partnership. They share profits in the ratio of 5 : 3 : 2.

Liabilities	Rs.	Assets	Rs.
Capitals		Premises	40,000
Red	50,000	Plant	30,000
White	15,000	Stock	30,000
Blue	45,000	Debtors	60,000
Creditors	40,000		
Red's loan	10,000		
	1,60,000		1,60,000

It was agreed to repay the amounts due to the partners as and when the assets were realized, viz :

	Rs.
1.2.86	30,000
1.4.86	73,000
1.6.86	47,000

Prepare a statement showing how the distribution to the partners should be made.