PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2025
(Second Semester)

Common to Branches – COMMERCE (RM) / COMMERCE (FS) / COMMERCE (BPS)

FINANCIAL ACCOUNTING - II

Time: Three Hours   Maximum: 75 Marks

SECTION-A (10 Marks)
Answer ALL questions
ALL questions carry EQUAL marks   (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	At the time of a new partner is admitted, revaluation of assets and liabilities is to be made for the a) Benefit of old partners b) Benefit of new partners c) Mutual benefit of old and new partners d) Benefit of old partners who are sacrificing	K2	CO2
	2	Partner's salaries will be debited to: a) Trading a/c b) P& L a/c c) P& L Appropriation a/c d) Capital a/c	K2	CO3
2	3	What treatment is made of accumulated profits and losses on the retirement of a partner? a) Credited to all partner's capital accounts in old ratio b) Debited to all partner's capital accounts in old ratio c) Credited to remaining partner's capital accounts in new ratio d) Credited to remaining partner's capital accounts in gaining ratio	K1	CO2
	4	Goodwill is an asset and any revaluation of such an asset must be effected through a) Revaluation account b) Realization account c) Profit and loss appropriation account d) Partner's capital accounts	K2	CO2
3	5	What do you mean by super profit? a) Total profit by the number of years b) Average profit plus normal profit c) Average profit minus normal profit d) Actual profit is taken as super profit	K1	CO1
	6	The amount of general reserve is transferred to Partners' Capital Accounts in a) New profit sharing ratio b) Capital ratio c) Old profit sharing ratio d) Gaining ratio	K1	CO2
4	7	The decision in Garner versus Murray was given in a) 1905 b) 1933 c) 1804 d) 1904	K1	CO1
	8	The ruling in Garner Vs Murrey is applicable to a) Admission of a partner b) Retirement of a partner c) Dissolution of a partner d) Insolvency of a partner	K2	CO2
5	9	AS-10 (new) is a revised accounting standard that deals with fixed assets has come into effect from a) 01-04-2015 b) 01-04-2016 c) 01-04-2017 d) 01-04-2018	K1	CO1
	10	Which of the following is not a cash inflow? a) Decrease in debtors b) Issue of shares c) Decrease in creditors d) Sale of fixed assets	K2	CO3

SECTION - B (35 Marks)
Answer ALL questions
ALL questions carry EQUAL Marks   (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	X and Y Share profit and loss in the ratio of 3:2 and as from Jan 1, 2018 they admit Z who is to have 1/6 share of profit with a guarantee minimum of Rs. 25000, X and Y Continue to share of profits as before but agree to guarantee any access over 1/6 of profit going to Z in the ratio of 4:1 respectively. The Profit of the firm for the year was Rs: 120000. Prepare a profit and loss Appropriation account.	K2	CO3
		(OR)		
	11.b.	Gery and Reny are in Partnership profits and loss in the ratio of 3:2. They Decided to admit Hari, their manager as a partner, with effect from April 1,2018 giving him ¼ share of profits. Hari as manager had a salary of Rs. 27000 per annum and a commission of 10% of net profit after after charging such salary and commission. In term of the partnership deed, any excess amount, which Hari will be entitled to receive as a partner over the amount which would have been due to him if he continues to be the manager, would have to be borne. By Gery out of his share of profit. Profit for the year ended March 31, 2019 amounted to Rs 2250. You are required to show the Division of profit among the partners for the year ended march 31, 2019.	K2	CO3
2	12.a.	What are the adjustments needs at the time of retirement of partner/partners?	K1	CO1
		(OR)		
	12.b.	P,Q,R and S are partners in a firm sharing profits in the ratio of 2:1:2:1. On the retirement of R, the firms' goodwill was valued at. Rs. 45,000 P, Q and S decided to share the future profits equally. Pass journal entry for goodwill.	K1	CO1
3	13.a.	Distinguish between revaluation and realization accounts.	K3	CO3
		(OR)		
	13.b.	X and Y Share profit and loss in the ratio of 2:1 and as from Jan 1,2018 they admit Z who is to have 1/10 th share of profit with a guarantee minimum of Rs. 32,000, X and Y Continue to share of profits as before. The Profit of the firm for the year was Rs: 2,00,000. Prepare a profit and loss Appropriation account.	K3	CO3
4	14.a.	A, B and C are partners. They share profits in the ratio of 4:3:1. They decided to dissolve the firm and on the date of dissolution, their balance sheet stood as follows:	K2	CO4

Liabilities	Rs	Assets	Rs
Creditors	6000	Cash in hand	1000
Capital Accounts:		Debtors	7500
A 10000		Stock	6500
B 7500		Plant	6000
C 6500	24000	Land and Building	9000
	30000		30000

The assets realized the following: Debtors Rs.7000 Stock Rs. 6000 Plant Rs.5500 Land and building Rs.14500. The sundry creditors were paid Rs.5500 in full satisfaction of their claim. The realization expenses came to Rs. 500. Close the books of the firm.

(OR)

4	14.b.	On dissolution, how you deal with partner's loan if it appears on the (a) Assets side of the Balance Sheet (b) Liabilities side of the Balance Sheet	K2	CO4
5	15.a.	**Balance Sheet as on 01/04/2022** *(see table below)* *(see table below)* **Adjustment:** Outstanding Subscription for 2022-2023 is Rs 22,000. With the above information present the item 'Subscription' in Income and expenditure Account and Balance sheet for the year ended on 31st March 2023.	K5	CO5

Balance Sheet as on 01/04/2022

Liabilities	Rs	Rs	Assets	Rs	Rs
Subscription received in Advance for 2022-2023		15,000	Outstanding subscriptions 2020-2021	20,000	
			2021-2022	30,000	50,000

Receipts and Payments Account for the year ending on 31-03-2023

Receipts	Rs	Rs	Payments	Rs	Rs
To subscriptions					
2020-2021	16,000				
2021-2022	25,000				
2022-2023	3,30,000				
2023-2024	19,000				

(OR)

	15.b.	From the information given below calculate the amount of Drugs consumed in a hospital, during the year 2022-2023. Show its presentation in Income and Expenditure Account and Balance Sheet as on 31-03-2023. (i) Stock Drugs in Hand On 01-04-2022 Rs 25,000 On 31-03-2023 Rs 27,000 (ii) Drugs purchased during the year Rs 1,20,000 (iii) Bill of drugs payable on 31-03-2023 Rs 19,500.	K5	CO5

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks   (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	A and B are partners sharing in the ratio 3:2 Their Balance sheet is given below: Balance sheet of A& B as on January 1 *(see table below)* On January 1, they decided to admit C in the firm with1/3 share of profit. C's share of goodwill was reckoned at Rs.600 out of which he brought Rs. 400 only. He however, brought in cash his share of capital Rs: 8000. It was decided that goodwill should appear in the new Balance sheet at Rs 1200. Pass journal entries. Capital accounts are presumed to be fluctuating show also the capital accounts and the balance sheet after admission.	K2	CO2

Balance sheet of A& B as on January 1

Liabilities	Rs	Assets	Rs
Capital Account		Goodwill	800
A	10000	Assets –	
B	6000	Fixed and current	17200
Reserved account	2000		
	18000		18000

| 2 | 17 | Ramesh and Suresh were partners in a firm sharing profits in the ratio of their capitals contributed on commencement of business which were Rs 80,000 and Rs 60,000 respectively. The firm started business on April 1, 2016. According to the partnership agreement, interest on capital and drawings are 12% and 10% p.a., respectively. Ramesh and Suresh are to get a monthly salary of Rs 2,000 and Rs 3,000, respectively. The profits for year ended March 31, 2017 before making above appropriations was Rs 1,00,300. The drawings of Ramesh and Suresh were Rs 40,000 and Rs 50,000, respectively. Interest on drawings amounted to Rs 2,000 for Ramesh and Rs 2,500 for Suresh. Prepare Profit and Loss Appropriation Account and partners' capital accounts, assuming that their capitals are fluctuating. | K4 | CO4 |

The following is the Balance sheet of A,B and C on 31st December 2018:

Liabilities	Rs	Assets	Rs
Sundry Creditors	4500	Cash in Hand	300
Reserve Fund	4800	Cash at Bank	7500
Capital Accounts: Rs		Sundry debtors	9000
A 15000		Furniture	12000
B 7500	30000	Tools	1500
C 7500			9000
	39300		39300

| 3 | 18 | C died on 31st March 2019. Under the Terms of Partnership deed the executors of a deceased partner were entitled to:
❖ Amount standing to the credit to the partner's capital account.
❖ Interest on Capital @ 5% P.A
❖ Share of Goodwill on the basis of twice the average of the past three years profits.
❖ Share of profits from the closing of the last financial year to the death on the basis of the last year's profits.
Profits for 2016 Rs.9000; For 2017 Rs.12,000 and For 2018 Rs.10,500. Profits were shared in the ratio of capitals. Pass the necessary Journal entries and find out the amount payable to the heir of C. | K3 | CO3 |

| 4 | 19 | Discuss the decision in Garner vs. Murray. | K4 | CO4 |

| 5 | 20 | Explain about AS 1, AS 2, AS 3, AS 4 and AS 10. | K3 | CO3 |

Z-Z-Z   END