25COU204/ 25COC204/ 25COE204/ 25AFU204/ 25CRM204/ 25FSU204/ 25FTU204/ 25BPU204/ 25CBI204/ 25CBA205/ 25BSU204

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(Second Semester)

Common to Branches – **COMMERCE/ COMMERCE (CA)/ E-COMMERCE/ COMMERCE (A&F)/ COMMERCE (RM)/ COMMERCE (FS)/ COMMERCE (FT)/ COMMERCE (BPS)/ COMMERCE (B&I)/ COMMERCE (BA)/ COMMERCE (BSI)**

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	In the case of admission of a partner, the entry for unrecorded investments will be i) Debit Partner Capital A/cs and Credit Investment A/c ii) Debit Revaluation A/cs and Credit Investment A/c iii) Debit Investment A/cs and Credit Revaluation A/c iv) None of the above	K1	CO1
	2	When a new partner brings his share of goodwill in cash, the amount is debited to i) Goodwill A/c ii) Capital A/cs of new partner iii) Capital A/cs of old partners iv) Cash A/c.	K2	CO1
2	3	Gaining ratio is used to compensate the retiring partner for their share of: i) Capital ii) Accumulated losses iii) Goodwill iv) Revaluation loss	K1	CO2
	4	On the retirement of a partner, the remaining partners gain in which ratio? i) Capital Ratio ii) Gaining Ratio iii) Sacrificing Ratio iv) Old Profit-Sharing Ratio	K2	CO2
3	5	On the death of a partner, the total amount due to them is credited to which account? i) All remaining partners' Capital Accounts ii) Deceased partner's Capital Account iii) Deceased partner's Executor's Account iv) Goodwill Account.	K1	CO3
	6	Which account is used to record the deceased partner's share of profit from the date of the last balance sheet until the date of death? i) Profit & Loss Account ii) Profit & Loss Appropriation Account iii) Profit & Loss Suspense Account iv) Revaluation Account.	K2	CO3
4	7	Upon dissolution, an unrecorded asset realized at the time of sale is credited to i) Partner's Capital Account ii) Cash/Bank Account iii) Realization Account iv) Revaluation Account.	K1	CO4
	8	When a liability is taken over by a partner at the time of dissolution, which account is credited? i) Realization Account ii) Cash Account iii) Partner's Capital Account iv) Loan Account.	K2	CO4
5	9	When a partner is declared insolvent, the partnership firm is: i) Continued by the solvent partners. ii) Required to revalue assets. iii) Compulsorily dissolved. iv) Subject to, by default, a new agreement.	K1	CO5
	10	The rule of Garner Vs Murray is applied to i) Determine the insolvency of the firm. ii) Distribute the loss of capital of the insolvent partner among solvent partners. iii) Calculate the profit sharing ratio. iv) Pay off outside creditors.	K2	CO5

Cont...

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.	Goodwill is valued on the basis of three years' purchase of average profits of the Preceding four years. The profits of previous four years were 2001: Rs. 16,000; 2002: Rs.20, 000; 2003: Rs.18, 000; 2004: Rs.26, 000. Find the value of Good will.	K2	CO1
		(OR)		
	11.b.	What are the various methods of adjusting capital at the time of admission of a new partner?		
2	12.a.	A, B and C are partners sharing as 4:3:3. On C's retirement, the value of firm's goodwill was agreed at Rs.60, 000. A and B agreed to share profits and losses in future in the ratio of 7:3 respectively. Give necessary journal entry in relation to goodwill.	K3	CO2
		(OR)		
	12.b.	State the rules applicable in case of absence of a partnership deed.		
3	13.a.	Sangeeta, Saroj and Shanti are partners sharing profits in the ratio of 2:3:5. Goodwill is appearing in the books at a value of ₹ 60,000. Sangeeta retires, and goodwill is valued at ₹ 90,000. Saroj and Shanti decided to share future profits equally. Record necessary Journal entries.	K4	CO3
		(OR)		
	13.b.	What problems involving finance arise when a partner dies? How would you deal with them as an accountant?		
4	14.a.	What are the two methods of preparing partners' capital accounts?	K3	CO4
		(OR)		
	14.b.	There was an old computer which was written-off in the books of Accounts in the previous year. The same has been taken over by a partner Nitin for ₹ 3,000. Journalise the transaction, supposing. That the firm has been dissolved.		
5	15.a.	Explain the Garner Vs Murray Case.	K4	CO5
		(OR)		
	15.b.	A partnership form has three partners A, B, C with capitals A Rs.40, 000. B Rs.20, 000 and C Rs.20, 000. The partners share profits and losses in the ratio of 3;2;1. You are required to calculate absolute surplus capital under proportionate capital method of piecemeal distribution.		

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	Pinky, Qumar and Roopa are partners in a firm, sharing profits and losses in the ratio of 3:2:1. S is admitted as a new partner for 1/4 share in the profits of the firm, which he gets 1/8 from Pinky, and 1/16 each from Qmar and Roopa. The total capital of the new firm after Seema's admission will be ₹ 2, 40,000. Seema is required to bring in cash equal to 1/4 of the total capital of the new firm. The capitals of the old partners also have to be adjusted in proportion to their profit-sharing ratio. The capitals of Pinky, Qumar and Roopa after all adjustments in respect of goodwill and revaluation of Liabilities and Assets have been made are Pinky ₹ 80,000, Qumar ₹ 30,000 and Roopa ₹ 20,000. Calculate the capitals of all the partners and record the necessary journal entries for making adjustments in respect of capitals according to the agreement between the partners.	K4	CO1

2 | 17 | K5 | CO2

The following is the Balance sheet of A, B and C who is equal partners, as on 31st December, 2001. C decided to retire from the firm. A and B agreed to continue to remain equal partners for future.

Balance Sheet (as on 31st December, 2001)

Liabilities	Amount	Assets		Amount
Capital A	30,000	Cash		2,500
Capital B	20,000	Stock		17,750
Capital C	15,000	Debtors	16,400	
Reserves	4,500	Less: Reserve	1,400	15,000
Creditors	5,500	Machinery		18,750
		Building		21,000
	75,000			**75,000**

The following adjustment shave been made for retirement:

i) Stock reduced to Rs.15, 000 and Machinery increased to Rs.20,000.

ii) C's share of Goodwill Rs.6, 000 is adjusted in the accounts.

iii) B paid cash Rs.10, 000 to C; and the balance amount due to him is transferred to C's loan account.

Prepare Revaluation Account, Capital Accounts of Partner's and the Balance Sheet of the firm after C's retirement.

3 | 18 | K4 | CO3

Following is the Balance Sheet of A, B and C sharing profits and losses in the ratio 2 :1 :1,ason31stDecember,2001.

Liabilities	Amount	Assets	Amount
A's Capital	25,000	Machinery	20,000
B's Capital	25,000	Buildings	31,600
C's Capital	15,500	Furniture	6,300
Creditors	4,500	Debtors	6,400
		Stock	5,700
	70,000		**70,000**

A has decided to retire from the firm. Following revaluations and adjustments are made for retirement.

i) Machinery are revalued at Rs.30, 000 and A took over half of the machinery at the revised value.

ii) AnunrecordedtypewritergiventoMr.Afor` 1,000.

iii) Creditor's includes.1, 500 due to Mrs. A which is taken over by Mr.A.

iv) Goodwillofthefirmisvaluedat` 14,000.

v) Balance in A's capital account is to be transferred to his loan account.

Pass Journal Entries; prepare Ledger and the Balance Sheet of the firm after A's retirement.

4 | 19 | K5 | CO4

Discuss the main provisions of the Indian Partnership Act 1932 that are relevant to partnership accounts if there is no partnership deed.

5 | 20 | K6 | CO5

A, B, and C are carrying on business in partnership has decided to dissolve it on and from 31st Dec2005. The following was the balance sheet on that date:

Liabilities		Rs.	Assets	Rs.`
Capital Account:			Fixed assets	80,000
A	30,000		Current assets	44,000
B	15,000		Banks	26,000
C	25,000	70,000		
General Reserves		30,000		
Mr .A'sloan		10,000		
Mr. B'sloan		20,000		
Creditors		20,000		
		1,50,000		**1,50,000**

It was decided that after keeping as an amount of` 4,000 for estimated realization expenses, the available funds should be distributed amongst the partners as and when realised. The following are the realization:

January2006(first) 30,000 February 2006(second) 76,000
March2006(third) 44,000

Actual realization expenses amounted to Rs.4,400. You are requested to submit a statement showing distribution of cash among the partners under excess capital method.