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END OF SEMESTER EXAMINATIONS, APRIL / MAY - 2018

ADVANCED ACCOUNTING - II

SUBJECT CODE : 15UAPA15

MAJOR : B. COM (PA)

TIME : 3 HOURS

18

SEMESTER : IV

MAX. MARKS: 75

**SECTION A - ( 10 X 1 = 10 )**

**Answer All the questions:**

1. Who is a 'Sleeping partner'?
2. What is revaluation account?
3. What is fluctuating capital?
4. What is sacrifice ratio?
5. Name the method of valuation of Goodwill.
6. Explain Surrender value.
7. What do you mean by sale to a company?
8. What is 'Lump sum method'?
9. Who is an 'Insolvent partner'?
10. What is realisation account?

**SECTION B - ( 5 X 4 = 20 )**

**Answer any FIVE questions:**

11. Explain the types of partners.
12. Explain the duties of partner.
13. X and Y are partners sharing profits in the ratio of 4:2. They admit Z into the firm. The new profit sharing ratio among X, Y and Z is 5:3:2. Find out the sacrificing ratio.
14. X & Y are partners sharing profits in the ratio of 3:2. They admit Z into partnership, Z paying a premium of Rs.2,000 for  $\frac{1}{4}$ th share profit. The new ratio is 3:3:2. Goodwill account appears in the books at Rs.2,000. It was decided that goodwill should continue to appear in books at Rs.1,600. Journalize.
15. A, B and C are partners sharing profits and losses in the ratio of 2:2:1. On 1<sup>st</sup> January 2008, they took out a joint life policy of Rs.2,00,000. Annual premium of Rs.10,000 was payable on 1<sup>st</sup> January each year. Last premium was paid on 1<sup>st</sup> January 2011. B died on 1<sup>st</sup> March 2011, and policy money was received on 31<sup>st</sup> March 2011. The surrender value of policy as on 31<sup>st</sup> December each year were as follows:  
2008 - Nil; 2009 - Rs.2000; 2010 - Rs.5,000 Show necessary accounts as on 31<sup>st</sup> December each year assuming that:
  - i) The premium is charged to profit & loss account every year.
  - ii) The premium is debited to joint life policy account and the balance of the joint life policy account is adjusted every year to its surrender value.
  - iii) The premium is debited to Joint life policy account and a sum equal to premium is debited to profit & loss appropriation account and credited to Joint life policy reserve.
16. A, B and C were partners in a firm sharing profits in 3:2:1 ratio. The firm closes its books on 31<sup>st</sup> March every year. B died on 12<sup>th</sup> June, 2007. On B's death the goodwill of the firm was valued at Rs.60,000. On B's death his share in the profits of the firm till the time of his death was to be calculated on the basis of previous year's profit which was Rs.1,50,000. Calculate B's share in the profit of the firm. Pass necessary journal entries for the treatment of goodwill and B's share at the time of his death.
17. What journal entries would be recorded for the following transactions on the dissolution of a firm after various assets (other than cash) on the third party liabilities have been transferred to Realisation account.
  - a. Arti took over the stock worth Rs.80,000 at Rs.68,000.
  - b. There was unrecorded Bike of Rs.40,000 which was taken over by Mr. Karim
  - c. The firm paid Rs.40,000 as compensation to employees
  - d. Sundry creditors amounting to Rs.36,000 were settled at a discount of 15%.
  - e. Loss on realization Rs.42,000 was to be distributed between Arti and Karim in the ratio of 3:4
18. Explain in detail the rule laid down in 'Garner vs Murray' case.

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## Answer any THREE questions

19. Explain the advantages and disadvantages of partnership.  
 20. The following was the Balance Sheet of A, B and C sharing profits and losses in the proportion of  $\frac{1}{4}$ ,  $\frac{1}{4}$  and  $\frac{1}{4}$  respectively:

Particulars	Rs.	Particulars	Rs.
Creditors	56,700	Land and Buildings	1,51,200
Bills Payable	48,900	Furniture	52,050
General Reserve	21,000	Stock	88,200
Capital Accounts:		Debtors	79,380
A	1,19,700	Cash at Bank	26,670
B	1,00,800		
C	50,400		
	2,70,900		
	3,97,500		3,97,500

They agreed to take D into partnership and give  $\frac{1}{4}$ th share of profits on the following terms:

- 1) That D brings in Rs.48,000 as his capital.
- 2) The furniture be written down by Rs.2,760 and stock be depreciated by 10%.
- 3) That provision of Rs.3,960 be made for outstanding repair bills.
- 4) That the value of land and buildings be written up to Rs.1,95,300.
- 5) That the value of goodwill be fixed at Rs 28,000 and an adjustment entry be passed for D's share of goodwill.
- 6) That the capitals of A, B and C be adjusted on the basis of D's capital by opening current accounts.

Give the necessary journal entries, and the balance sheet of the firm as newly constituted.

21. Monika, Sonika and Manisha were partners in a firm sharing profits in the ratio of 2:2:1. On 31<sup>st</sup> March 2013 their balance sheet was as under.

Balance sheet as at 31<sup>st</sup> March 2013

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital A/Cs		Fixed Assets	3,60,000
Monika 1,80,000		Stock	60,000
Sonika 1,50,000		Debtors	1,20,000
Manisha 20,000	4,20,000	Cash	2,70,000
Reserve Fund	1,50,000		
Creditors	2,40,000		
	8,10,000		8,10,000

Sonika died on 30<sup>th</sup> June 2013. It was agreed between her executors and the remaining partners that

- a) Goodwill of the firm be valued at 3 years purchase of average profits for the last four years. The average profits were Rs.2,00,000.
- b) Interest on capital be provided at 12% per annum.
- c) Her share in the profits upto the date of death will be calculated on the basis of average profits for the last four years.

Prepare Sonika's capital as on 30<sup>th</sup> June 2013.

22. Describe the different modes in which a partnership firm may be dissolved.  
 23. The following is the balance sheet of X, Y & Z as at 30.12.2012.

Liabilities	Rs.	Assets	Rs.
Capitals		Plant & Machinery	50,000
X	75,000	Land & Building	1,00,000
Y	22,500	Stock	20,000
Z	67,500	Debtors	70,000
Y's Loan	13,000		
Creditors	62,000		
	2,40,000		2,40,000

On the above date. They decided to dissolve the firm and to repay the amounts due to partners as and when the assets were realized viz.

- I Realisation 45,000
- II Realisation 1,09,500
- III Realisation 70,500

Prepare the statement showing how the distribution should be made.

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