

Reg. No. :

Code No. : 31005 E Sub. Code : CMCO 31

**B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2025.**

Third Semester

Commerce — Core

ADVANCED FINANCIAL ACCOUNTING

(For those who joined in July 2021 and 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which Method is used generally for small size branches?
 - (a) Stock and Debtors Method
 - (b) Debtors Method
 - (c) Small Branch Method
 - (d) Analytical Method

2. In departmental accounting, where separate books are kept for each department, known as _____.
- (a) Advanced Accounting
 - (b) Columnar Accounting
 - (c) Consolidated Accounting
 - (d) Independent Accounting
3. What is Partnership Firm Agreement?
- (a) Partnership Act
 - (b) Partnership Deed
 - (c) Agreement
 - (d) Partnership Contract
4. Contract in which form is required in a partnership firm?
- (a) Oral
 - (b) Written
 - (c) Both (a) and (b)
 - (d) None of these
5. On retirement of a partners, the gaining ratio is calculated as _____.
- (a) New ratio – Old ratio
 - (b) Old ratio – New ratio
 - (c) Sacrificing ratio – Gaining ratio
 - (d) New ratio + Old ratio

6. Unrecorded liabilities on retirement of a partner are _____.
- (a) Credited to Revaluation A/c
 - (b) Debited to Revaluation A/c
 - (c) Credited to Retiring Partner's Capital A/c
 - (d) Not recorded at all
7. On dissolution, Goodwill Account is transferred to _____.
- (a) In the capital accounts of partners
 - (b) On the credit side of the cash account
 - (c) On the debit side of the realisation account
 - (d) On the credit side of the realisation account
8. Cash balance shown in the Balance Sheet is shown on the dissolution of the firm in _____.
- (a) Realisation account
 - (b) Cash account
 - (c) Capital account
 - (d) None of these

9. In amalgamation of partnership firms, realization method is used when _____.
- A new firm is formed and old firms dissolve
 - One firm absorbs another
 - Both firms continue
 - No capital is involved
10. Which of the following is not affected during amalgamation of firms?
- Capital accounts of old partners
 - Cash account
 - Purchase consideration
 - Profit-sharing ratio of transferee firm

PART B — (5 × 5 = 25 marks)

Answer ALL questions by choosing (a) or (b).
Each answer should not exceed 250 words.

11. (a) What are the features of independent branches?

Or

Page 4 Code No. : 31005 E

- (b) There are two departments in a firm X and Y. Goods are transferred from Dept. X to Dept. Y at usual selling price. You are required to compute Stock Reserve on Stocks of Dept. Y from the following data :
- G.P. Ratio of Dept. X : 25% on cost
Opening Stock of Dept. Y : Rs. 50,000
Closing Stock of Dept. Y : Rs. 75,000
12. (a) A firm earns Rs. 1,20,000 as its annual profits, the rate of normal profit being 10%. The assets of the firm amount to Rs. 14,40,000 and liabilities to Rs. 4,80,000. Find out the value of goodwill by capitalization method.
- Or
- (b) Write a note on revaluation account.
13. (a) 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 firm's Goodwill was valued at Rs. 45,000. P, Q and S decided to share the future profits equally. Pass journal entry for goodwill.
- Or
- (b) X, Y and Z are partners in the ratio 4 : 3 : 2. Y retires and his share is taken entirely by Z. Find the new ratio of X and Z.

Page 5 Code No. : 31005 E

14. (a) A, B and C are partners sharing profits in the ratio of 3 : 2 : 1. On dissolution, assets realized Rs. 1,20,000, liabilities were Rs. 30,000 and realization expenses Rs. 10,000. Capital balances are A — Rs. 40,000, B — Rs. 30,000 and C — Rs. 10,000. Show the distribution of cash.

Or

- (b) P, Q and R are partners sharing profits in the ratio of 4 : 3 : 2. On dissolution, capital were :

P : Rs. 40,000

Q : Rs. 30,000

R : Rs. 20,000

Loss on realization was Rs. 70,000. R is insolvent and contributes nothing.

Show how the deficiency is borne by P and Q under Garner vs. Murray Rule.

15. (a) Assets of Firm X : Cash Rs. 8,000, Debtors Rs. 15,000, Stock Rs. 12,000.

Liabilities : Creditors Rs. 20,000

Cash realized : Debtors Rs. 12,000, Stock Rs. 10,000, Cash balance remains Rs. 8,000.

Prepare :

- (i) Calculate total cash realized
- (ii) Loss/profit on realization
- (iii) Cash available for partners

Or

- (b) Assets : Cash Rs. 8,000, Debtors Rs. 12,000, Stock Rs. 10,000, Furniture Rs. 5,000

Liabilities : Creditors Rs. 20,000

Cash realized : Debtors Rs. 10,000, Stock Rs. 8,000, Furniture Rs. 4,500, Cash Rs. 8,000

Partners' Capitals : P — Rs. 10,000, Q — Rs. 5,000

Payment : 60% immediately, balance as Loan

Prepare :

- (i) Total cash realized
- (ii) Loss on realization
- (iii) Amount distributed immediately.

PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing (a) or (b).
Each answer should not exceed 600 words.

16. (a) X Ltd. of Mumbai has a branch in Delhi.
From the following data, prepare Branch stock account under stock and debtor system.

Particulars	Rs.
Goods sent from Head Office	50,000
Return to Head Office	1,000
Cash Sales	35,500
Credit Sales	8,000
Opening Stock	10,000
Closing Stock	11,000

Or

- (b) The following purchase were made by a business house having three departments :

Dept. A — 1,000 units

Dept. B — 2,000 units

Dept. C — 2,400 units

At a Total Cost of Rs. 1,00,000

Page 8 Code No. : 31005 E

Stocks on 1st January were :

Dept. A — 120 units

Dept. B — 80 units

Dept. C — 152 units

Sales were :

Dept. A — 1,020 units at Rs. 20 each

Dept. B — 1,920 units at Rs. 22.50 each

Dept. C — 2,496 units at Rs. 25 each

The rate of gross profit is same in each case.
Prepare departmental trading account.

17. (a) The following is the balance sheet of X and Y
(Who share profits on the ratio of 3 : 2) as on 1.1.2007.

Liabilities	Rs.	Assets	Rs.
Creditors	15,000	Bank	5,000
X's Capital	20,000	Debtors	10,000
Y's Capital	25,000	Stock	15,000
		Building	30,000
	<u>60,000</u>		<u>60,000</u>

Page 9 Code No. : 31005 E

On the above data, Z was admitted as a partner on the following terms :

- (i) He will pay Rs. 25,000 as capital
- (ii) He will pay Rs. 10,000 as goodwill for 1/5th share in the profits of the firm.
- (iii) The assets are to be valued as under :
Building Rs. 40,000, Debtors Rs. 9,000, Stock Rs. 14,000.

Give Journal entries to record the above. Prepare revaluation account, capital account and balance sheet of the new firm.

Or

- (b) P and Q are partners sharing profits in the ratio 3 : 2. Their capitals are Rs. 80,000 and Rs. 60,000. R is admitted for 1/5th share. R brings Rs. 40,000 as capital.

Adjustments :

- (i) Buildings appreciated by Rs. 20,000.
- (ii) Machinery reduced by Rs. 10,000.
- (iii) A debtor of Rs. 5,000 became bad.

- (iv) Goodwill of the firm is valued at Rs. 50,000. R is unable to bring goodwill in cash.

Prepare : Revaluation A/c, Partner's Capital A/c and Balance Sheet.

18. (a) A, B and C were in partnership, sharing profits and loss equally. On 1.1.2011, A retired when the firm's balance sheet was as under : (A's share of goodwill is to be debited to B and C equally).

Liabilities	Rs.	Assets	Rs.
Capital A/c :		Land & Building	4,200
A	8,000	Plant & Machinery	6,980
B	6,800	Debtors	8,915
C	7,800	Investments	8,000
Creditors	6,928	Cash	1,433
	<u>29,528</u>		<u>29,528</u>

According to the partnership deed, assets were agreed to be revalued on A's retirement as under :

Land & Building Rs. 5,800, Plant & Machinery Rs. 6,564, Investment Rs. 8,400, Goodwill was then revalued at Rs. 9,600.

Pass necessary journal entries, Prepare Revaluation a/c and Balance Sheet.

Or

- (b) X, Y and Z are partners sharing profits 4 : 3 : 2. Z dies on 31st March 2023. Their Balance Sheet shows :

Z's Capital = Rs. 80,000

Interest on Capital = 12% p.a.

Z's drawings = Rs. 6,000

Last 3 years profits : Rs. 60,000, Rs. 75,000, Rs. 90,000.

Goodwill is valued at 3 years' purchase of average profits.

Profit for 2022 was Rs. 90,000 (assume accrual basis).

Prepare Z's Capital Account and determine final settlement.

19. (a) Explain in detail the rule laid down in 'Garner Vs, Murray' Case.

Or

- (b) X, Y and Z who are equal partner decided to dissolve their firm. The following is their balance sheet after the sale of the assets :

Liabilities	Rs.	Assets	Rs.
X's Capital	1,800	Cash	1,500
Y's Capital	1,200	Z's Capital overdrawn	600
		Realisation	900
	<u>3,000</u>		<u>3,000</u>

Z become insolvent and could not pay anything to the firm. Prepare the necessary ledger accounts to close the books of the firm. There was no agreement among the partners.

20. (a) A and B are partners sharing profits in the ratio 3 : 2. Their Balance Sheet on 31st March 2025 was :

Balance Sheet			
Liabilities	Amount	Assets	Amount
Capital :		Cash	10,000
A	60,000	Debtors	30,000
B	40,000	Stock	40,000
Creditors	20,000	Furniture	15,000
		Building	25,000
	<u>1,20,000</u>		<u>1,20,000</u>

1. What is the purpose of the study?
The purpose of the study is to investigate the effect of the new curriculum on the learning outcomes of the students in the field of biology.

- (v) The company's return on investment is 10%.
- (vi) The company's return on assets is 15%.
- (vii) The company's return on equity is 20%.
- (viii) The company's return on capital is 25%.
- (ix) The company's return on debt is 30%.
- (x) The company's return on total assets is 35%.

Vergleichen Sie:

- (i) ~~International~~ Yel
- (ii) ~~International~~ Ispekt Yel
- (iii) ~~French~~ Yel

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4 pages, 10 figures, 2 tables, 61 references