

END SEMESTER EXAMINATION, MAY - 2026**B. Com. Semester – II Paper Code: 551108****Subject Name: Advanced Accounting - I****Subject Code: BCM202****Time allotted: 03 Hours****Max. Marks: 100****Note: Read all the instructions carefully**

Q.1		VERY SHORT ANSWER QUESTIONS – Attempt All.	(10x2 = 20 Marks)																																
a.	What is meant by number of years' purchase at the time of valuation of goodwill?		CO1																																
b.	On the admission of a partner why are assets and liabilities revalued?		CO2																																
c.	A & B are partners sharing in the ratio of 5:3. C is admitted to the partnership for 1/4 th share of future profits. Calculate the new profit sharing ratio.		CO2																																
d.	What is sacrificing ratio?		CO2																																
e.	What is meant by hire purchase system?		CO1																																
f.	What is realization account?		CO2																																
g.	Define branch account?		CO1																																
h.	Explain the hire purchase price.		CO1																																
i.	What do you mean by stock reserve in branch account?		CO1																																
j.	What do you mean by amalgamation of partnership firm		CO2																																
Q.2		SHORT ANSWER QUESTIONS – Attempt any Five.	(5x4 = 20 Marks)																																
a.	Distinguish between drawing against profit and drawing against capital.		CO2																																
b.	A and B contribute Rs.50000 and Rs.30000 respectively by way of capital on which they agree to allow interest at 10% p.a. their respective share of profit is 3:2 and the profit for the year is Rs.4000 before allowing interest on capitals. Prepare the necessary account to allocate interest on capitals.		CO3																																
c.	Difference between revaluation account and realization account?		CO2																																
d.	Differentiate between a branch and a department.		CO2																																
e.	A & B are partners in a firm. You are informed that : A draws Rs.2000 from the firm in the beginning the every month, B draws Rs.2000 from the firm at the end of every month ,Interest on drawing is to be charged @ 15% p.a. calculate interest on partner's drawings.		CO3																																
f.	Discuss the difference between hire purchase and installment system.		CO2																																
g.	How the creditors of the firm are settled when all the partners are declared insolvent?		CO3																																
Q.3		STRUCTURED QUESTIONS – Attempt any Three.	(3x10 = 30 Marks)																																
a.	A, B and C are partners of a firm. The share profit and losses in equal ratio. Their balance sheet as on 31 st March, 2016 is as under:		CO3																																
	<table border="1"><thead><tr><th>Assets</th><th>Amount</th><th>Liabilities</th><th>Amount</th></tr></thead><tbody><tr><td>Creditors</td><td>60000</td><td>Building</td><td>36000</td></tr><tr><td>B/P</td><td>48000</td><td>Debtors</td><td>66000</td></tr><tr><td>Capitals:</td><td></td><td>Less: Provision</td><td>6000</td></tr><tr><td>A</td><td>30000</td><td>Stock</td><td>96000</td></tr><tr><td>B</td><td>30000</td><td>Bank</td><td>6000</td></tr><tr><td>C</td><td>30000</td><td></td><td></td></tr><tr><td></td><td>198000</td><td></td><td>198000</td></tr></tbody></table>	Assets	Amount	Liabilities	Amount	Creditors	60000	Building	36000	B/P	48000	Debtors	66000	Capitals:		Less: Provision	6000	A	30000	Stock	96000	B	30000	Bank	6000	C	30000				198000		198000		
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	Partners decided to convert the firm in to a company on 1 st April 2016 and formed a new company X Limited for taking over the business of the firm. This company took over the business of the firm for 1,20,000. The purchase price is paid in 12,000 equity shares of 10 each. Pass necessary journal entries in the books of the firm and prepare necessary accounts in the books of the firm assuming that firm has been converted into a company.																																		

P.T.O./-

b.	Suresh had a Branch at Dehradun. Goods are invoiced to the Branch at Cost Price plus 25 %. All expenses are paid by cheque by the Head Office except petty cash expenses which are paid by the Branch Manager. From the following particulars , prepare Branch Account under debtor system in the books of Head Office : <table><tr><td>Stock on 1st April , 2015</td><td>5000</td></tr><tr><td>Sundry Debtors on 31st March , 2016</td><td>3600</td></tr><tr><td>Goods invoiced from Head Office</td><td>36400</td></tr><tr><td>Expenses paid by Head Office</td><td>3280</td></tr><tr><td>Head Office sent cash to purchase safe for the Branch</td><td>2600</td></tr><tr><td>Cash Sales for the year</td><td>21600</td></tr><tr><td>Cash remitted to Head Office</td><td>30000</td></tr><tr><td>Furniture purchased by the Branch Manager</td><td>2400</td></tr><tr><td>Stock on 31st March , 2016</td><td>6000</td></tr><tr><td>Sundry Debtors on 1st April , 2015</td><td>2800</td></tr><tr><td>Credit Sales for the year</td><td>14000</td></tr><tr><td>Cash received from debtors</td><td>13200</td></tr><tr><td>Expenses paid by the Branch</td><td>240</td></tr></table>	Stock on 1st April , 2015	5000	Sundry Debtors on 31st March , 2016	3600	Goods invoiced from Head Office	36400	Expenses paid by Head Office	3280	Head Office sent cash to purchase safe for the Branch	2600	Cash Sales for the year	21600	Cash remitted to Head Office	30000	Furniture purchased by the Branch Manager	2400	Stock on 31st March , 2016	6000	Sundry Debtors on 1st April , 2015	2800	Credit Sales for the year	14000	Cash received from debtors	13200	Expenses paid by the Branch	240	CO4,6
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c.	What is the meaning of the insolvency of a partner? How the deficiency of the Capital account of insolvent partners accounting to Indian practice and Garner Murray Rule.	CO3,4																										
d.	what is the meaning of partnersh deed? Write down the menthods of goodwill valuations with examples.	CO4																										

Q.4		Case Analysis/ Situation Based QUESTIONS – Attempt any Two.		(2X15 = 30 Marks)																																						
a	X and Y share profits in the ratio of 3:1. Their balance sheet as on 31 st December, 2018 was as under :					CO4,5																																				
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Z is admitted into partnership on the following term:-																																										
I. Fixed assets are to be depreciated by 20%																																										
II. Provision for doubtful debts should remain at 5% on debtors.																																										
III. The new profit sharing ratio will be 5:3:2.																																										
IV. Z will pay Rs 20000 as capital and the capital of old partners will be adjusted on the basic of new partner’s capital and his share in the business, actual cash to be bought in or withdrawn by old partners, as the case may be.																																										
V. Goodwill of the firm is valued Rs.20000																																										
Prepare revaluation account, capital account and balance sheet.																																										

b	The firm has two departments, Steel and Automobile. The Steel were made by the firm itself out of Steel supplied by the Steel department at its usual selling price. From the following figures prepare department trading and profit and loss accounts for the year ended 31st March.2017. <table><tr><td>Particulars</td><td>Steel Department</td><td>Automobile Department</td></tr><tr><td>Opening stock on 1st April, 2016</td><td>300000</td><td>50000</td></tr><tr><td>Purchases</td><td>2000000</td><td>15000</td></tr><tr><td>sales</td><td>2200000</td><td>450000</td></tr><tr><td>Transfer to Automobile Department</td><td>300000</td><td>-----</td></tr><tr><td>Manufacturing expenses</td><td>-----</td><td>60000</td></tr><tr><td>Selling expenses</td><td>20000</td><td>6000</td></tr><tr><td>Stock on 31st March, 2017</td><td>200000</td><td>60000</td></tr></table> The stock in Steel Department may be considered as considered as consisting of 75% cloth and 25% other expenses. The Steel department earned gross profit at the rate of 15% in 2010-11. General expenses of the business as a whole came to Rs.11000.	Particulars	Steel Department	Automobile Department	Opening stock on 1 st April, 2016	300000	50000	Purchases	2000000	15000	sales	2200000	450000	Transfer to Automobile Department	300000	-----	Manufacturing expenses	-----	60000	Selling expenses	20000	6000	Stock on 31 st March, 2017	200000	60000	CO5,6																																				
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c	Firms Ram & Mohan and Paras & Karan decided to amalgamate as on 1 January, 2017 under the name Bharat Trading Company. Their balance sheet was as follows on 31st December, 2016. <table><tr><td>Liabilities</td><td>Ram & Mohan (Rs.)</td><td>Paras & Karan (Rs.)</td><td>Assets</td><td>Ram & Mohan (Rs.)</td><td>Paras & Karan (Rs.)</td></tr><tr><td>Sundry creditor</td><td>10000</td><td>22000</td><td>Building</td><td>18000</td><td>-----</td></tr><tr><td>Reserve</td><td>20000</td><td>-----</td><td>Stock</td><td>30000</td><td>26000</td></tr><tr><td>Bank loan</td><td>-----</td><td>8000</td><td>Debtors</td><td>12000</td><td>24000</td></tr><tr><td>Capitals :</td><td></td><td></td><td>Investment</td><td>20000</td><td>-----</td></tr><tr><td>A</td><td>30000</td><td></td><td>Goodwill</td><td>-----</td><td>10000</td></tr><tr><td>B</td><td>20000</td><td></td><td></td><td></td><td></td></tr><tr><td>C</td><td>-----</td><td>15000</td><td></td><td></td><td></td></tr><tr><td>D</td><td>-----</td><td>15000</td><td></td><td></td><td></td></tr><tr><td></td><td>80000</td><td>60000</td><td></td><td>80000</td><td>60000</td></tr></table> A and B shared profits in the proportion to their capitals, while C and D shared profits equally. The terms of amalgamation were: I. Ram, Mohan, Paras and Karan to be partner in the new firm and to share profits and losses in the same ratio as their capital in the new firm after all adjustment had been made. II. The building owned by Ram & Mohan to be taken over by the new firm at a valuation of Rs.23000. However, the new firm does not take over their investments. III. The goodwill appearing in the balance sheet of Paras & Karan was worthless. IV. After the above adjustment have been made, Paras & Karan each have to bring in Rs.10000 as additional capital. On the assumption that the above transactions were duly completed on 1st January, 2017 show the journal entries necessary to close the books of the old firms.	Liabilities	Ram & Mohan (Rs.)	Paras & Karan (Rs.)	Assets	Ram & Mohan (Rs.)	Paras & Karan (Rs.)	Sundry creditor	10000	22000	Building	18000	-----	Reserve	20000	-----	Stock	30000	26000	Bank loan	-----	8000	Debtors	12000	24000	Capitals :			Investment	20000	-----	A	30000		Goodwill	-----	10000	B	20000					C	-----	15000				D	-----	15000					80000	60000		80000	60000	CO4,5
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