

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai - 600 044.

B.Com. PA - END SEMESTER EXAMINATIONS - APRIL 2025
SEMESTER - II

24UPACT2004 - Financial Accounting - II

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

Answer any **TWENTY** questions ($20 \times 2 = 40$ Marks)

1. In single entry system records of which accounts are maintained :
 - (a) Personal Account
 - (b) Real Account
 - (c) Nominal Account
 - (d) Both (a) and (b)
2. Which of the following entities generally prepare their books of accounts under single entry system?
 - (a) Joint stock companies
 - (b) Sole traders
 - (c) Government organisations
 - (d) Not-for-profit organisations
3. Which of the following is mainly prepared for ascertaining capital in the beginning?
 - (a) Debtors' account
 - (b) Cash account
 - (c) Creditors' account
 - (d) Opening statement of affairs
4. In the absence of introduction of fresh capital, when closing capital is more than opening capital, it indicates:
 - (a) Loss
 - (b) Profit
 - (c) No profit, no loss
 - (d) None of the above
5. From incomplete records, it is not always possible to prepare:
 - (a) Ledger
 - (b) Trial balance
 - (c) Balance Sheet
 - (d) All of the above
6. What is the responsibility of partners in a partnership organization?
 - (a) Unlimited
 - (b) No Liability
 - (c) Limited to the capital of business
 - (d) Limited
7. When does the direct debit to partner's capital a/c entry made in accounts?
 - (a) Interest on Drawings is charged.
 - (b) Investment is made
 - (c) Capital is withdrawn
 - (d) Drawings are made

Contd...

8. What percentage of the partners' capital is charged interest on without a partnership deed?
 - (a) 6 % Per annum
 - (b) 12 % Per annum
 - (c) 14 % Per annum
 - (d) No interest is levied
9. In the absence of a partnership agreement, how will the earnings be split among the partners?
 - (a) Equal
 - (b) Depending on the capital invested.
 - (c) Unequal
 - (d) Depending on the work experience.
10. Which of the partnership firm's accounts cannot record rent paid to partners?
 - (a) Depreciation Account
 - (b) Expenses Account
 - (c) Profit & Loss Account
 - (d) Salary Account
11. When a partnership dissolves, the balance of a partner's capital account on the assets side of a balance sheet is transferred to:
 - a. On the Debit of Realization Account
 - b. On the Credit of Realization Account
 - c. On the Debit of Partner's Capital Account
 - d. On the Credit of Cash Account
12. The realisation account is debited with _____ on the dissolution of a firm.
 - a. All assets that are to be realised
 - b. All external liabilities of the firm
 - c. Cash received on sale of assets
 - d. Any assets were taken over by one of the partners
13. If the total assets are Rupees 3,35,000 and the total outside/external liabilities is Rupees 35,000, then the amount of all partner's capital will be _____.
 - a. Rupees 3,70,000
 - b. Rupees 2,80,000
 - c. Rupees 3,00,000
 - d. None of the above
14. The amount realised from an unrecorded asset is credited to _____ on the dissolution of a firm.
 - a. Partners' capital accounts
 - b. Cash account
 - c. Realisation account
 - d. Revaluation account
15. A firm can be voluntarily dissolved by the partners _____.
 - a. On 3/4 member's decision
 - b. On 1/2 member's decision
 - c. On a majority basis
 - d. None of the above
16. When the unrecorded assets are taken over by a partner, they are shown in _____.
 - a. Debit side of realisation A/c
 - b. Debit side of bank A/c
 - c. Credit side of realisation A/c
 - d. Credit side of bank A/c

Contd...

17. Realisation account is a _____.
 - a. Personal A/c
 - b. Nominal A/c
 - c. Real A/c
 - d. None of the above
18. Unrecorded liabilities, when paid, are shown in _____.
 - a. Debit side of realisation account
 - b. Debit side of bank account
 - c. Credit side of realisation account
 - d. Credit side of bank account
19. Under the maximum loss method, how is the amount of loss determined?
 - a) By assuming all unrealized assets are fully recovered
 - b) By assuming all unrealized assets are lost
 - c) By distributing profits before liabilities
 - d) By distributing cash to partners equally
20. When using the proportionate capital method, which factor is considered first?
 - a) Ratio of capitals
 - b) Order of partners' loans
 - c) Ratio of profit sharing
 - d) Order of realization
21. Under piecemeal distribution, which of the following is paid first?
 - a) Secured creditors
 - b) Partners' capitals
 - c) Partners' loans
 - d) Unsecured creditors
22. In a firm using the maximum loss method, how is cash distributed?
 - a) In the ratio of partners' capitals
 - b) By assuming maximum possible loss before distribution
 - c) To the partner with the highest capital first
 - d) In the profit-sharing ratio
23. Which of the following is not a feature of piecemeal distribution?
 - a) Payments are made in installments
 - b) Losses are assumed before distribution
 - c) All liabilities are settled at once
 - d) Assets are realized over time
24. Under proportionate capital method, which step is taken first?
 - a) Determining the excess capital of partners
 - b) Payment of outside liabilities
 - c) Writing off all assets
 - d) Equal distribution of cash among partners
25. If a partner has a debit balance in the capital account, what happens?
 - a) The partner contributes cash
 - b) The partner receives priority in distribution
 - c) The balance is written off against profits
 - d) The balance is ignored

Contd...

Section C

Answer any **FOUR** questions ($4 \times 5 = 20$ Marks)

26. Following items appear in the Trial Balance of Saral Ltd., as on 31st March 2022.

| Particulars | Amount |
|------------------------------------|----------|
| 4,500 Equity Shares of Rs.100 each | 4,50,000 |
| Securities Premium | 40,000 |
| Capital Redemption Reserve | 70,000 |
| General Reserve | 1,05,000 |
| Profit and Loss Account | 65,000 |

The company decided to issue bonus shares at the rate of 1 share for every 3 shares held. Pass journal entries in the books of Saral Ltd.

27. X forfeited 5,000 equity shares of Rs.100 each fully called up which were issued at premium of 20%. Amount payable on shares were on application Rs.20, on allotment Rs.50 including premium, on First and Final Call Rs.50.

Only application money was paid by shareholders in respect of these shares. Pass journal entry for forfeiture.

28. X Co Ltd., was incorporated with an authorized capital of 90,000 equity shares of Rs.10 each. The company purchased land and Buildings from Y Co. Ltd., for Rs.4,00,000 payable in fully paid up shares of the company. The balance of the shares was issued to the public, which were fully subscribed and paid for.

You are required to pass journal entries.

29. A, B and C are partners sharing profits and losses in the ratio of 5:3:2. Their capitals were Rs.9,600, Rs.6,000, Rs.8,400 respectively. After paying creditors, the liabilities and assets of the firm were:

| Liabilities | Amount | Assets | Amount |
|---------------------------------------|--------|-------------|--------|
| Liability for interest on loans from: | | Investments | 1,000 |
| Spouses of partners | 2,000 | Furniture | 2,000 |
| Partners | 1,000 | Machinery | 1,200 |
| | | Stock | 4,000 |

The assets realized in full in the order in which they are listed above. B is insolvent.

You are required to prepare a statement showing the distribution of cash as and when available, applying the maximum possible loss procedure.

30. Distinguish between Dissolution of firm and Dissolution of Partnership.

31. Assets and Liabilities of Mr X as on 31-03-2021 and 31-03-2022 are as follows -

| Particulars | 31-03-2021 | 31-03-2022 |
|--------------------|------------|------------|
| Assets | | |
| Building | 1,00,000 | ? |
| Furniture | 50,000 | ? |
| Inventory | 1,20,000 | 270000 |
| Sundry Debtors | 40,000 | 90,000 |
| Cash at Bank | 70,000 | 85,000 |
| Cash in Hand | 1,200 | 3,200 |
| Liabilities | | |
| Sundry creditors | 40,000 | 70,000 |
| Loans | 1,00,000 | 80,000 |

Decided to depreciate building by 2.5% and furniture by 10% p.a LIC policy matured during the period amount to 40,000 is retained in the business. Drawings 2,000 p.m for family. Prepare Statement of Affairs as on 31-3-2022 and 31-3-2022
