

**Maximum Marks: 75**

**Maximum Time: 2 ½ Hours**

**Note: Working note will be part of your answer**  
**Use of simple calculator is allowed**  
**Each question will carry 15 marks with internal option**

**Q.1.A Select the appropriate option and rewrite the answer. (8 out of 10) Marks**

**8**

1. Under Hire purchase interest paid on the contract is equal to
  - a) Hire Purchase price less down payment
  - b) Hire Purchase price less cash price
  - c) Cash price plus down payment
  - d) Cash price less down payment
2. At the time of admission of partners are revalued. Profit arising out of revaluation is shared between the partners
  - a. equally
  - b. in ratio of capital
  - c. in profit sharing ratio
  - d. None
3. Which expenses is not allocated in the sales ratio.
  - a) Advertisement
  - b) Bad debts
  - c) Commission on sales
  - d) carriage inward
4. Depreciation under Hire purchase system is charged on
  - a) Cash price of the asset
  - b. Hire purchase of the asset
  - c. Hire purchase or cash price whichever is higher
  - d. None of the above.
5. Under Stock & Debtors method, Branch Stock Account helps to
  - a. ascertain net profit/loss of branch
  - b. Ascertain gross profit/loss of branch
  - c. Ascertain closing stock at the branch
  - d. Ascertain cost of goods sent to the branch
6. Hire purchase price is always greater than the cash price because
  - a. It includes interest
  - b. It includes cash payment
  - c. It includes a charge for risk cover
  - d. All of the above
7. Which is not debited to Departmental Profit & Loss account.
  - a) Carriage outward
  - b) salaries
  - c) Rent & Rates

d) commission received.

8. A and B are sharing profits in the ratio of 3:2. C is admitted as a new Partner with  $\frac{1}{5}$  share. Then the ratio of sacrifice will be

- a) 1:1
- b) 3:2
- c) 1:3
- d) None of the above

9. Branch account under debtors system is a

- a. Personal Account
- b. Real Account
- c. Nominal Account
- d. representative personal account.

10. When all partners are insolvent, unpaid amount is transferred to

- a. Profit/Loss Account
- b. Realisation Account
- c. Deficiency Account
- d. None

**Q.1.b Match the following columns (7 out of 10)**

7

**Marks**

Column A		Column B	
1.	Rent & Rates	a.	Buyer of goods on hire purchase basis
2.	Discount Received	b.	Stock & Debtors System
3.	Delivery van expenses	c.	Credit to Branch Debtors A/c
4.	Down payment	d.	Credited to profit & loss adjustment account
5.	Depreciation on Asset on Hire Purchase	e.	Debited to profit & loss adjustment account
6.	Hirer	f.	Calculated on cash Price
7.	Discount to customers	g.	Initial payment made by hire purchase
8.	Branch Stock Adjustment Account	h.	Allocated on the basis of sales of each department
9.	Increase in value of an asset on revaluation	i.	Allocation on the basis of purchases
10.	Increase in value of an liability on revaluation	J	Allocated on the basis of area occupied

Q.2. Tara Ltd with its Head Office at Mumbai invoiced goods to its Branch at Chennai at cost plus 100% profit. Following are the particulars relating to the branch for the year ended 31<sup>st</sup> December 2017: **15 Marks**

Particulars	Rs
Stock at Branch on 1-1-2017 at Invoice price	16,000
Branch debtors on 1-1-2017	8,000
Petty cash at Branch on 1-1-2017	125
Goods sent to Branch at Invoice price	1,60,000
Goods returned by the Branch	16,000



Goods returned by debtors	2,000
Total Sales made by the Branch	1,10,000
Cash Sales made by the Branch	40,000
Total Cash remitted to Head Office	1,00,000
Discount & Allowances made to Debtors	4,000
Cash sent by the Head office for	
-Salaries	2,800
-Rent	2,200
-Insurance (for 12 months upto 31-3-2018)	500
-Petty Cash	
Stock at Branch on 31-12-2017	20,000
Petty expenses at the Branch	575

Ascertain the profit or loss made by the branch by preparing the Branch Account in the books of Head Office.

OR

Q.2. ABC Trading Company Chennai, sent goods to its Mumbai Branch at cost which sells on credit as well as for cash. From the following particulars **prepare Branch Stock Account, Branch Debtors Account, and Branch Expenses Account.** Cash is immediately remitted by Branch to Head Office. Expenses are paid direct by head office.

15 Marks

Particulars	Rs
Stock at Branch on 1-1-2017	7,560
Goods from Head Office	35,500
Goods returned by customers	300
Total Sales	46,760
Cash Sales	16,750
Goods returned to Head Office	350
Stock at Branch on 31 <sup>st</sup> December 2017	6,950
Debtors on 1 <sup>st</sup> January 2017	13,000
Cash paid by customers	24,600
Discount & Commission to customers	1,360
Bad Debts	300
Rent, Rates & Taxes	900
Salaries & Wages	3,650

Q.3. Following is the Balance sheet of Gopal, Krishna and Ram on 31-12-2017. They share P/L in the ratio of 4:2:1. . The balance sheet stood on the same day as below:

15 Marks

Balance sheet as on 31-12-2017

Liabilities	Rs	Assets	Rs.
Gopal Capital	30,000	Goodwill	10,000
Krishna Capital	20,000	Stock	15,000
Ram Capital	15,000	Debtors	11,000
General Reserve	10,500	Land & Building	20,000
Creditors	15,000	Machinery	26,500
Bills payable	2,000	Motor van	7,000
		Cash	3000
	<b>92,500</b>		<b>92,500</b>

On the same date Gopal retires from the business and the following adjustments are to be made :

1. The firms goodwill is to be revalued at Rs 24,000
2. The assets and liabilities are to be revalued as under :  
Stock Rs 12,000 ; Machinery Rs 25,000; Creditors Rs 14000
3. Krishna is to bring in Rs 20,000 and Ram is to bring in Rs 5,000 as additional capital.
4. Gopal is to be paid Rs 16,200 in cash and balance on his capital account is to be transferred to his loan account.

Prepare Profit & Loss Adjustment Account, Capital accounts of the partners and the Balance sheet of the new firms after Gopal's retirement.

**OR**

Q.3. Rajan and Anil sharing profits & losses in the ratio of 1:1 had the following balance sheet as on 31<sup>st</sup> March, 2017.

**Balance sheet as on 31<sup>st</sup> March, 2017**

**15 Marks**

Liabilities	Amount (Rs)	Assets	Amount (Rs)
<b>Capital A/c's</b>			
Rajan 45,000			
Anil 30,000	75,000	Cash at Bank	60,000
General Reserve	18,000	Debtors	30,000
Bills Payable	30,000	Furniture	12,000
Sundry Creditors	40,000	Machinery	24,000
Bank overdraft	20,000	Building	57,000
	<b>1,83,000</b>		<b>1,83,000</b>

They decided to admit Sunil on the following terms:

1. The Machinery, Building and Furniture be depreciated by 5%.
2. The Reserve at 5% be created for doubtful debts on debtors.
3. The Goodwill account for Rs 30,000 be opened in the firm's book.
4. Sunil should bring Rs 40,000 as capital for his  $\frac{1}{4}$  share in future profits.
5. The Capital accounts of all partners be adjusted in proportion to the new profit-sharing ratio.

Prepare Profit & Loss Adjustment Account, Partners Capital Account and new Balance sheet of the firm.

Q.4. On 1<sup>st</sup> January 2017 Rajesh purchased Machinery on Hire purchase system.

The terms of contract were as under:

**15 Marks**

- a. The cash price of the Machinery was Rs 130,000
- b. Rs 40,000 were to be paid on signing of the contract.
- c. The balance was to be paid in annual installments of Rs 30,000 each plus interest.
- d. Interest chargeable on the outstanding balance was 6% p.a
- e. Depreciation @10% p.a is to be written off on W.D.V basis.

**You are required to prepare for 3 years-**

1. A statements showing calculation of interest
2. Machinery A/c
3. Depreciation A/c
4. Vendor Company's A/c



OR

Q.4. From the following information prepare Departmental Trading and Profit & Loss Account and General Profit & Loss Account for the year ending 31<sup>st</sup> December 2017: **15 Marks**

Particulars	Dept P Rs	Dept Q Rs
Opening stock	40,000	50,000
Purchases	1,50,000	100,000
Sales	2,50,000	1,50,000
Salaries	16,800	12,000
	Rs	
General salaries	20,000	
Carriage Inward	10,000	
Carriage Outward	16,000	
Advertising	12,000	
Rent & Rates	18,000	
Interest on Bank Loan	5,000	
Lighting	2,400	
Discount received	3,000	
Insurance of goods	2,000	

**Additional Information:**

1. Area occupied by the two departments is in the ratio 2:1.
2. General Salaries are to be allocated equally.
3. Insurance premium is for a comprehensive policy, allocation being inconvenient.
4. Closing stock : Department P Rs 36,000, Department Q Rs 40,000

Q.5 A Distinguish between Debtors Method and Stock & Debtors Method **8 Marks**

Q.5.B. How will you allocate expenses on different basis in departmental account? **7 Marks**

OR

**Q.5. Write short notes on (any 3)**

1. Branch Adjustment Account
2. Inter-departmental transfers
3. Hire purchase price and cash price
4. Explain Sacrifice Ratio
5. Piecemeal distribution

**5 Marks**

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